

Comet Group Consolidated Financial Statements

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Consolidated statement of income

In thousands of CHF	Note	2022	%	2021	%
Net sales	3/4	586,395		513,721	
Cost of sales		(324,761)		(290,921)	
Gross profit		261,633	44.6%	222,800	43.4%
Other operating income	5	4,899	0.8%	3,682	0.7%
Development expenses	7	(63,766)	- 10.9%	(55,344)	- 10.8%
Marketing and selling expenses		(54,687)	- 9.3%	(47,637)	- 9.3%
General and administrative expenses		(49,105)	- 8.4%	(39,416)	- 7.7%
Operating income		98,975	16.9%	84,085	16.4%
Interest income	9	440	0.1%	222	0.0%
Interest expenses	9	(1,715)	- 0.3%	(1,544)	- 0.3%
Net losses on derivative fair value	9	(192)	- 0.0%	(495)	- 0.1%
Net losses on foreign exchange	9	(2,140)	- 0.4%	(60)	- 0.0%
Income before tax		95,368	16.3%	82,208	16.0%
Income tax	10	(17,259)	- 2.9%	(14,771)	- 2.9%
Net income		78,109	13.3%	67,437	13.1%
Earnings per share in CHF, diluted and basic	11	10.05		8.68	
Operating income		98,975	16.9%	84,085	16.4%
Depreciation, amortization and impairment	8	19,939	3.4%	18,663	3.6%
EBITDA		118,913	20.3%	102,749	20.0%

Consolidated statement of comprehensive income

In thousands of CHF	Note	2022	2021
Net income		78,109	67,437
Other comprehensive income			
Foreign currency translation differences		(5,000)	(242)
Total items that will be reclassified to the income statement on realization		(5,000)	(242)
Actuarial gains on defined benefit plans	24	10,886	1,954
Income tax	10	(1,483)	(283)
Total items that will not subsequently be reclassified to the income statement		9,404	1,671
Total other comprehensive income or (loss)		4,404	1,429
Total comprehensive income		82,513	68,867

Consolidated balance sheet

In thousands of CHF	Note	Dec. 31, 2022	%	Dec. 31, 2021	%
Assets					
Cash and cash equivalents		125,945		115,533	
Trade and other receivables ¹	12	89,103		72,692	
Other assets	13	1,303		1,925	
Tax receivables		501		2,612	
Inventories	14	122,468		99,268	
Prepaid expenses	15	5,441		4,269	
Total current assets		344,761	61.9%	296,299	61.4%
Property, plant and equipment	16	119,968		111,703	
Right-of-use assets	17	32,401		18,791	
Intangible assets	18	38,904		41,027	
Other assets – non-current financial assets	13	2,826		3,122	
Deferred tax assets	10	17,940		11,398	
Total non-current assets		212,039	38.1%	186,042	38.6%
Total assets		556,801	100.0%	482,341	100.0%
Liabilities and shareholders' equity					
Current lease liabilities	17	3,955		3,949	
Trade and other payables	21	40,917		36,437	
Contract liabilities ¹	3	16,609		27,086	
Other financial liabilities	13	11		894	
Tax payables		17,368		7,132	
Accrued expenses	22	42,188		35,716	
Current provisions	23	6,955		6,743	
Total current liabilities		128,002	23.0%	117,957	24.5%
Non-current debt	20	59,669		59,571	
Non-current lease liabilities	17	34,242		15,891	
Non-current provisions	23	973		267	
Employee benefit plan liabilities	24	1,707		12,997	
Deferred tax liabilities	10	676		676	
Total non-current liabilities		97,267	17.5%	89,402	18.5%
Total liabilities		225,269	40.5%	207,359	43.0%
Capital stock	25	7,774		7,770	
Capital reserve		3,005		1,918	
Retained earnings		354,890		294,430	
Foreign currency translation differences		(34,137)		(29,137)	
Total equity attributable to shareholders of Comet Holding AG		331,532	59.5%	274,981	57.0%
Total liabilities and shareholders' equity		556,801	100.0%	482,341	100.0%

¹ In the year under review and in the prior year, the IXS division's prepayments from customers in "contract liabilities" were netted with already invoiced contract assets in "trade and other receivables" (see note 2.3).

Consolidated statement of cash flows

In thousands of CHF	Note	2022	2021
Net income		78,109	67,437
Income tax	10	17,259	14,771
Depreciation, amortization and impairment	8	19,939	18,663
Net interest expense	9	1,275	1,322
Share-based payments	29	1,242	1,256
Losses on disposal of property, plant and equipment		60	51
Other non-cash (income) or expense		(166)	(119)
Change in provisions	23	1,026	(1,549)
Change in other working capital		(41,648)	(16,440)
Taxes paid		(12,689)	(14,903)
Net cash provided by operating activities		64,407	70,489
(Outflow) from disposal of businesses		—	(261)
(Outflow) from acquisitions		—	(101)
Purchases of property, plant and equipment	16	(20,681)	(9,991)
Purchases of intangible assets	18	(2,072)	(1,476)
Disposals of property, plant and equipment	16	204	230
Purchase of other assets		(478)	(1,724)
Lease payments received	13	353	378
Interest received	9	440	222
Net cash (used in) investing activities		(22,234)	(12,722)
Net proceeds from issue of bond (2021 – 2026)	20	—	59,503
Repayment of bond (2016 – 2021)	20	—	(60,000)
Repayment of lease liabilities	17	(4,338)	(4,927)
Lease incentive	17	3,530	—
Interest paid		(1,618)	(1,697)
Dividend payment to shareholders of Comet Holding AG	32	(27,193)	(10,098)
Net cash (used in) financing activities		(29,619)	(17,219)
Net increase in cash and cash equivalents		12,554	40,548
Foreign currency translation differences on cash and cash equivalents		(2,142)	304
Cash and cash equivalents at January 1		115,533	74,681
Cash and cash equivalents at December 31		125,945	115,533

Consolidated statement of changes in equity

In thousands of CHF	Note	Equity attributable to shareholders of Comet Holding AG				Total shareholders' equity
		Capital stock	Capital reserve	Retained earnings	Foreign currency translation differences	
January 1, 2021		7,768	11,631	224,454	(28,895)	214,956
Net income		—	—	67,437	—	67,437
Other comprehensive income		—	—	1,671	(242)	1,429
Total comprehensive income		—	—	69,108	(242)	68,866
Dividend payment to shareholders of Comet Holding AG	34	—	—	(10,098)	—	(10,098)
Alignment of capital reserve ¹		—	(10,118)	10,118	—	—
Increase in capital (for stock compensation)	27	2	405	(409)	—	(2)
Share-based payments	31/32	—	—	1,258	—	1,258
December 31, 2021		7,770	1,918	294,430	(29,137)	274,981
Net income		—	—	78,109	—	78,109
Other comprehensive income		—	—	9,404	(5,000)	4,404
Total comprehensive income		—	—	87,512	(5,000)	82,513
Dividend payment to shareholders of Comet Holding AG	32	—	—	(27,193)	—	(27,193)
Alignment of capital reserve ¹		—	(8)	8	—	—
Increase in capital (for stock compensation)	25	4	1,095	(1,192)	—	(93)
Share-based payments	29/30	—	—	1,324	—	1,324
December 31, 2022		7,774	3,005	354,890	(34,137)	331,532

¹ In the year under review and in the prior year, the amount of the capital reserve reported in the consolidated financial statements was aligned to that of the capital reserve reported in the separate financial statements of Comet Holding AG.

Notes to the consolidated financial statements

01 Nature of the business activities

The Comet Group ("Comet", the "Group") is one of the world's leading vendors of x-ray and radio frequency (RF) power technology. With high-quality components, systems and services, marketed under the "Comet" and "Comet Yxlon" brands, the Group helps its customers optimize the quality, reliability and efficiency of their products and processes. Comet Yxlon x-ray systems for non-destructive inspection are supplied to end customers in the electronics, automotive, aerospace and energy sectors. Under the Comet brand, the Group builds components and modules such as x-ray sources, vacuum capacitors, RF generators and impedance matching networks, marketed to manufacturers in the semiconductor, automotive and aerospace industries as well as the security sector.

02 Accounting policies

The consolidated financial statements (except with respect to certain financial instruments) have been drawn up under the historical cost convention. The fiscal year-end for the financial statements of all Group companies is December 31. These consolidated financial statements have been prepared in compliance with Swiss stock corporation law and International Financial Reporting Standards (IFRS). All IFRS in force at the balance sheet date and all interpretations (IFRIC) of the International Accounting Standards Board (IASB) were applied. Comet did not early-adopt new standards and interpretations unless specifically stated. The significant accounting policies applied are unchanged from the prior year except as set out below.

As a result of rounding and the presentation in thousands of Swiss francs, individual numbers in the consolidated financial statements may not sum precisely to the totals indicated.

02.1 Changes in accounting policies

Revised and new accounting rules

With effect from January 1, 2022, Comet has applied the following new or adjusted IFRS/IFRIC for the first time:

- IAS 37 – Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- IFRS 3 – Business Combinations: Reference to the Conceptual Framework (Amendments to IFRS 3)

On May 28, 2020, the International Accounting Standards Board (IASB) published an amendment to IFRS 16 concerning COVID-19-related rent concessions. The amendment was effective from June 1, 2020 and initially applied to rent concessions granted up to and including June 30, 2021. On March 31, 2021, the IASB published an additional amendment to extend the applicability period to cover grant dates up to and including June 30, 2022. Comet applies this practical expedient. However, in the year under review this had no impact on the consolidated financial statements (prior period: nil).

The new or amended standards and interpretations had no material effect on the Group's financial position, results of operations and cash flows.

02.2 New accounting rules becoming effective in subsequent periods

Standard	Expected impact	Effective date	Planned adoption by Comet
IAS 1 – Presentation of Financial Statements: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	*	Jan. 1, 2023	Fiscal year 2023
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments to IAS 8)	*	Jan. 1, 2023	Fiscal year 2023
IAS 12 – Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)	*	Jan. 1, 2023	Fiscal year 2023
IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	*	Jan. 1, 2024	Fiscal year 2024
IFRS 16 – Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	*	Jan. 1, 2024	Fiscal year 2024
IAS 1 – Non-current Liabilities with Covenants (Amendments to IAS 1)	*	Jan. 1, 2024	Fiscal year 2024

* Expected to have no, or no significant, impact on the financial position, results of operations and cash flows.

02.3 Correction in the presentation of contract assets and contract liabilities

As part of a review of the finance processes, Comet challenged the presentation of contract assets and contract liabilities and concluded that prepayments from clients in contract liabilities should have been netted with already invoiced contract assets in "trade and other receivables". The adjustment amounts to CHF 8.1 million in prior year.

The prior-year comparatives have been restated as shown below. These restatements have no effect on net loss/income.

In thousands of CHF	Note	Dec. 31, 2022	Dec. 31, 2021 - Restated	Adjustment	Dec. 31, 2021 - Reported
Assets					
Trade and other receivables	12	89,103	72,692	(8,075)	80,767
Total current assets		344,761	296,299	(8,075)	304,373
Total assets		556,801	482,341	(8,075)	490,415
Liabilities and shareholders' equity					
Contract liabilities	3	16,609	27,086	(8,075)	35,161
Total current liabilities		128,002	117,957	(8,075)	126,033
Total liabilities		225,269	207,359	(8,075)	215,435
Total equity attributable to shareholders of Comet Holding AG		331,532	274,981	—	274,981
Total equity attributable to shareholders of Comet Holding AG in %		59.5%	57.0%		56.1%
Total liabilities and shareholders' equity		556,801	482,341	(8,075)	490,415

Interim Report 2022

The Board of Directors of Comet also approved retrospective restatements in the Interim Report 2022 Comet issued on July 12, 2022. The adjustment of trade and other receivables and contract liabilities

amounted to CHF 4.2 million. These restatements have no effect on net loss/income.

02.4 Estimates

Comet's consolidated financial statements contain assumptions and estimates that affect the reported financial position, results of operations and cash flows. These assumptions and estimates were made on the basis of management's best knowledge at the time of preparation of the accounts. Actual results may differ from the values presented. The following estimates have the greatest effects on the consolidated financial statements:

- Intangible assets (see notes 18 and 19): For acquisitions, the fair value of the acquired net assets (including acquired intangible assets) is estimated. Any amount paid in excess of this estimate represents goodwill. Intangible assets with a finite life are written off over the expected period of use; those with an indefinite life (primarily goodwill and rights to trademarks and names) are not amortized but are tested annually for impairment. Especially in the determination of the value in use of goodwill and rights to trademarks and names, differences between assumed and actual outcomes could lead to changes in the results of impairment testing. The assumptions concerning the achievable margins and the growth rates have a significant impact on impairment test outcomes. The valuation of goodwill and other intangibles, as well as the estimation of useful life, have an effect on the consolidated financial statements.
- Provisions (see note 23) are, by definition, liabilities of uncertain amount. Future events can thus lead to adjustments that affect income.
- Deferred tax assets (see note 10) are recognized only if it is likely that taxable profits will be earned in the future. The tax planning is based on estimates and assumptions as to the future profit trajectories of the Group companies that may later prove incorrect. This can lead to changes with an effect on income.
- Employee benefit plans (see note 24): The Group operates employee benefit plans for its staff that are classified as defined benefit plans under IFRS. These defined benefit plans are valued annually, which requires the use of various assumptions. Differences between the actual outcomes and the assumptions, particularly as to the discount rate for future obligations and as to life expectancy, may have effects on the valuation of plan assets and thus on the financial position of the Group. The impact of the most important parameters on the net present value of the obligation is presented in note 24.

Business environment, including impacts of COVID-19

Driven by the digitalization of society, the underlying long-term demand for semiconductor chips, and thus for products of the PCT division (vacuum capacitors and RF impedance matching networks), continues to be strong. In 2022, the x-ray divisions, IXM and IXS, benefited again from robust demand in their primary end markets: semiconductor & electronics, automotive, aerospace and security. Although the economic environment deteriorated toward the end of the year and is likely to weigh on business performance in the short term, robust growth is expected in our markets and – thus for Comet – in the medium to long term.

With respect to on-going uncertainties (for example, potential supply chain issues) and geopolitical tensions, Comet critically reviewed the assumptions and estimates that affect the financial position, results of operations and cash flows. In this review, no relevant changes were identified that would have a material impact on these financial statements.

Comet received no pandemic-related government support in fiscal year 2022 (prior year: nil).

02.5 Consolidation

02.5.1 Basis of consolidation

In 2022, there were no changes in the basis of consolidation from the prior year.

The consolidated financial statements thus comprise the accounts of the companies listed below:

Company	Registered office	Equity interest and voting rights in %	
		2022	2021
Comet Holding AG	Flamatt, Switzerland	100%	100%
Comet AG	Flamatt, Switzerland	100%	100%
Comet Electronics (Shanghai) Co. Ltd.	Shanghai, China	100%	100%
Comet Mechanical Equipment (Shanghai) Co. Ltd.	Shanghai, China	100%	100%
Comet Technologies USA, Inc.	Shelton, CT, USA	100%	100%
Comet Technologies Korea Co. Ltd.	Suwon, Korea	100%	100%
Comet Yxlon GmbH ¹	Hamburg, Germany	100%	100%
Comet Technologies Denmark A/S	Taastrup, Denmark	100%	100%
Comet Technologies Japan KK	Yokohama, Japan	100%	100%
Yxlon (Beijing) X-Ray Equipment Trading Co. Ltd.	Beijing, China	100%	100%
Comet Technologies Malaysia Sdn. Bhd.	Penang, Malaysia	100%	100%
Object Research Systems (ORS) Inc.	Montreal, Canada	100%	100%
Comet Solutions Taiwan Ltd.	Hsinchu County, Taiwan	100%	100%

¹ The company was renamed "Comet Yxlon GmbH" from "Yxlon International GmbH".

02.5.2 Method of consolidation

The consolidated financial statements represent the aggregation of the annual accounts of the individual Group companies, which are prepared using uniform accounting principles. Those companies controlled by Comet Holding AG are fully consolidated. This means that these companies' assets, liabilities, equity, expenses and income are entirely included in the consolidated financial statements. All intragroup balances and transactions, unrealized gains and losses resulting from intragroup transactions, and dividends are eliminated in full.

Acquisitions and goodwill

Companies are consolidated from the date on which effective control passes to the Group. Consolidation ends only when effective control ceases. On acquisition, the identifiable assets, liabilities and contingent liabilities are measured at fair value and included in the accounts using the acquisition method. For acquisitions, intangible assets that arise from a contractual or legal right or are separable from the business entity, and whose fair value can be measured reliably, are reported separately. Goodwill, being the excess of the aggregate consideration transferred over the fair value of the net assets of the acquired subsidiary, is initially measured at cost. If the aggregate consideration transferred is lower than the fair value of the acquired net assets, the difference is recognized as negative goodwill in other operating income

at the acquisition date. Goodwill and other intangible assets are allocated on acquisition to those cash generating units expected to benefit from the acquisition or to generate future cash flows as a result of it. When Group companies are sold, the difference between their sale price and their net assets, plus accumulated currency translation differences, is recognized as operating income in the consolidated statement of income.

Foreign currency translation

The functional currency of the Group companies is the respective national currency. Transactions in a currency other than the functional currency are translated at the exchange rate prevailing at the transaction date. Financial assets and liabilities are translated at the balance sheet date at the exchange rate as of that date; the resulting currency translation differences are reported in the income statement. The consolidated financial statements are presented in Swiss francs. The financial statements of the Group companies are translated at the average exchange rates for the year (the "average rate" in the table below) for the income statement and at year-end rates (the "closing rate") for the balance sheet. The resulting currency translation differences are recognized in other comprehensive income. Currency translation differences from intragroup loans for the long-term financing of Group companies are partly recognized in other comprehensive income, to the extent that repayment is neither planned nor is likely to occur in the foreseeable future.

The exchange rates used to translate the most important currencies are listed below:

				Closing rate		Average rate	
Country or region			Dec. 31, 2022	Dec. 31, 2021	2022	2021	
USA	USD	1	0.925	0.914	0.955	0.915	
Eurozone	EUR	1	0.990	1.035	1.005	1.079	
China	CNY	1	0.134	0.143	0.142	0.142	
Japan	JPY	100	0.705	0.794	0.731	0.831	
Denmark	DKK	1	0.133	0.139	0.135	0.145	
Republic of Korea	KRW	1,000	0.734	0.768	0.742	0.797	
Malaysia	MYR	1	0.210	0.219	0.217	0.221	
Canada	CAD	1	0.683	0.718	0.734	0.729	
Taiwan	TWD	100	3.007	3.294	3.209	3.279	

02.6 Measurement and recognition policies

Revenue recognition (sales and other income)

Net sales represent the revenue from the sale of goods and services to third parties, net of rebates and other price reductions. The Group's revenue is derived from the sale of goods (including spare parts) by the PCT and IXM divisions and the sale of systems (including services such as installation) by the IXS division. Revenue from the sale of goods, including spare parts, systems and system-related services, is as a rule recognized on the basis of a single performance obligation, which is satisfied at a specific point in time. The performance obligation is satisfied, and the revenue recognized, when the customer acquires control of the product or service. In the sale of goods that are not systems, the transfer of control generally occurs at the time of delivery. Performance obligations for system sales (including for installation) are fulfilled at the time of acceptance by the customer. In connection with both non-system goods and with systems, Comet also offers services.

Warranty obligations for providing an additional service to the customer (service-type warranties), such as an extension of the warranty period, are separate performance obligations and the revenue associated with them is recognized over time. For general maintenance services and defect correction intended to ensure that the delivered good is, or performs, as specified in the contract (assurance-type warranties), the estimated cost of the liability is recognized as a provision in accordance with IAS 37.

Customer contributions to development projects and payments for the delivery of the respective first prototype are recorded in other operating income; subsequent deliveries of prototypes are reported as sales.

Variable price elements (variable consideration) exist both in retroactive rebates when the quantity of products purchased exceeds a certain threshold in the calendar year, and in individual discounts on products. The amount of the rebate is estimated using the most-likely-amount method and as a rule is allocated proportionately to all performance obligations under the contract.

Sales commissions owed for agent activities are capitalized at contract inception as incremental costs attributable to obtaining a contract and a liability of equal amount is recognized for sales commissions. Their recognition as an expense occurs as soon as Comet has transferred control of the products to the customer. In principle, no interest effect is recognized for contract liabilities and prepayments by customers, as the period between the time of transfer of a promised good or service to the customer and the time of payment is not more than one year.

Cash and cash equivalents

In addition to cash on hand and balances in checking accounts at banks, cash and cash equivalents include short-term highly liquid cash investments and time deposits with original maturities of up to three months. Time deposits and similar instruments with original maturities of more than three months, but less than twelve months, are classified as other current financial assets.

Trade and other receivables and contract assets

Trade receivables, other receivables and contract assets are reported at their face value less any necessary impairment charges. Comet provides for impairment using the simplified approach by recognizing an allowance in the amount of the losses expected over the remaining life of the instruments (known as the expected credit loss model). For specific doubtful arrears with objective indications of impairment, impairment charges are applied individually.

Whether a receivable or a contract asset is recognized is governed by whether the right to consideration is unconditional (leading to recognition of a receivable) or conditional (leading to recognition of a contract asset).

Financial assets and liabilities

Financial assets and liabilities are initially measured at fair value (market value), including transaction costs, except in the case of financial assets categorized as at fair value through profit or loss, for which transaction costs are recorded directly in financing expenses. All pur-

chases and sales of financial assets are recognized at the transaction date.

- Financial items at fair value through profit or loss: These include all derivatives, trading positions, and certain financial assets and liabilities designated as falling into this category. These assets and liabilities are recognized at fair value in the balance sheet. Changes in fair value are reported as financing income or expense in the reporting period in which they occur.
- Financial items at amortized cost: These are measured at cost using the effective interest method.

Fair value is determined based on quoted or other market prices. In the fiscal year as in the prior year, no hedge accounting under IFRS 9 or IAS 39 was applied to any hedging transactions. Financial assets are recognized as soon as Comet acquires control of them, and derecognized when it ceases to have control, i.e., when it has sold the rights or they have lapsed. Financial liabilities are derecognized when the obligation specified in the contract is discharged or is canceled or expires.

Inventories

Inventories are recorded at the lower of cost and net realizable value. Net realizable value represents the estimated normal sale price less the costs of completion, marketing, selling and distribution. Raw materials and purchased products are measured using the weighted-average method; internally produced goods are measured at standard costs. Inventories include proportionate shares of production overheads.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Borrowing costs related to qualifying assets form part of the historical cost. Depreciation is provided on a straight-line basis over the estimated useful life of the assets. The expense for depreciation of property, plant and equipment is recognized in the income statement under that expense category which corresponds to the function of the particular asset in the Group. Land values are not depreciated. Impairment charges are recognized as a separate line item under accumulated depreciation and impairment. Maintenance costs are recognized as assets only if the maintenance extends the expected life of the asset, expands production capacity or otherwise increases asset values. The costs of maintenance and repair that do not increase asset values are charged directly to income. The following estimated useful lives are applied in determining depreciation:

Buildings	20 – 40 years
Plant and equipment	6 – 10 years
Other tangible assets	3 – 10 years

Right-of-use assets and lease liabilities

As a lessee, Comet recognizes leases on the basis of a right-of-use model. At the inception of every contract, Comet assesses whether it includes a lease, separating lease components from non-lease components. No assets and liabilities are recognized for leases with a term of one year or less and for leases of low-value assets (with a value when new of less than CHF 5,000); the expenses for these are recognized directly in the income statement. The initial measurement of the right of use for a leased asset is made by calculating the present value of the

lease payments, plus initial direct costs, plus estimated costs for dismantling, removal and restoration, less lease incentives received. The lease liabilities correspond to the present value of the discounted payment obligations. For discounting the lease payments, Comet uses the interest rate implicit in the lease. In doing so, the currency area in which the leased asset is located and the Comet-specific credit risk are taken into account. Comet primarily has leases with fixed payments, which includes leases with rent-free periods and ones with rising payments. Leases with variable payments are immaterial.

Comet's leases may include renewal options. These are included in the calculations only if, taking into account all significant determining factors, they are considered highly likely to be exercised. For indefinite leases, the following principles apply (the extension periods cited are from the lease inception or from the expiry of the minimum lease term):

	Maximum extension
Buildings and warehouses	3 years
Plant and equipment	2 years
Vehicles and other tangible assets	1 year

In the event of a material modification, Comet remeasures the lease liability at the date of the change. Adjustments to the lease liability are deducted from or added to the corresponding right-of-use asset. Any difference remaining upon early termination of a lease is recognized through profit or loss.

Where Comet is the lessor, the lease is accounted for either as an operating or a finance lease, depending on its terms.

Intangible assets

The intangible assets recognized are goodwill, rights to trademarks and names, customer lists, technology, licenses, patents, and software. Intangible assets are recognized at cost and generally amortized on a straight-line basis over their expected useful life. Goodwill and acquired rights to trademarks and names are not amortized but are tested annually for impairment (see section "Impairment of non-current assets"). The expense for amortization of intangible assets with finite useful lives is recognized in the income statement under that expense category which corresponds to the function of the particular asset in the Group. The following estimated useful lives are generally applied in determining amortization:

Customer lists	10 – 15 years
Technology	5 – 10 years
Computer software	3 – 5 years

Provisions

Provisions are recognized only where Comet has a present obligation to a third party arising from a past event and the amount of the obligation can be estimated reliably. No provisions are recognized for possible losses that may result from future events.

Provisions are classified as current to the extent that the related cash outflows are expected to occur within one year from the balance sheet

date. Conversely, the cash outflows in respect of non-current provisions are expected to occur more than twelve months after the balance sheet date. If the interest effect is material, the cash outflows are discounted.

Post-employment benefits

Comet maintains post-employment benefit plans for its employees which differ according to the local circumstances of the individual Group companies. The benefit plans are financed by contributions to benefit arrangements that are separate legal entities (foundations or insurance companies) or by the accumulation of reserves in the balance sheet of the respective Group company. In the case of defined contribution plans or economically equivalent arrangements, the expenses accrued in the reporting period represent the agreed contributions of the Group company. For defined benefit plans, the service costs and the present value of the defined benefit obligation are calculated in actuarial valuations by independent experts, using the projected unit credit method. The calculations are updated annually. The surplus or deficit recognized in the balance sheet is equal to the present value of the defined benefit obligation as determined by the actuary, less the fair value of plan assets. Any resulting net surplus is recognized as an asset only to the extent of the potential economic benefit that may be realized from this asset in the future, taking into consideration IFRIC 14. The expense charged to income is the actuarially determined service cost plus the net interest cost. Actuarial gains and losses are recognized in other comprehensive income. They comprise experience adjustments (the effects of differences between the previous actuarial assumptions and the observed outcomes) and the effects of changes in actuarial assumptions (particularly regarding the discount rate and life expectancy).

Length-of-service awards

Comet grants length-of-service awards to its employees after a certain number of years of service, in the form of lump-sum payments that increase in amount with the number of years of employment. Comet calculates the resulting obligation using the projected unit credit method. The calculation is updated annually. Any actuarial gains or losses from the remeasurement are immediately taken to income.

Share-based payments

Part of the variable compensation of the members of the Executive Committee under the short-term incentive plan (STIP), and part of the fixed compensation of the Board of Directors, is paid in stock. In addition, the Executive Committee is granted stock under a long-term incentive plan (LTIP). The expense is recognized at the value of the stock earned, measured at the quoted market price (fair value) at the grant date. The amount accrued for those components of compensation which must be equity-settled (i.e., for which there is no option of cash payment) is recognized directly in equity. For components which the beneficiary can choose to receive in equity or in cash, the value of the option which this choice represents is determined and recognized as an increase in equity, while the rest of the obligation is recorded as a liability.

Income tax

The income tax expense for the reporting period is composed of current taxes and deferred taxes.

Current taxes

Current tax liabilities and assets for the current period and prior reporting periods are recognized based on the amount expected to be payable to or refunded by the tax authorities. They are calculated based on the tax regulations and tax rates in effect at the balance sheet date.

Deferred taxes

Deferred taxes are accounted for by the liability method. Under this approach, the income tax effects of temporary differences between the tax bases and the values used in the consolidated financial statements are recorded as non-current liabilities or non-current assets. Deferred taxes are calculated at actual or expected local tax rates. Changes in deferred taxes are included in income tax expense in the income statement, except for deferred taxes in respect of items that are recognized outside profit or loss. These latter deferred taxes are likewise recognized outside profit or loss; according to the underlying accountable event, they are recognized either in other comprehensive income or directly in equity. Deferred tax liabilities are recognized on all taxable temporary differences except for goodwill. Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit for the period nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future.

Impairment of non-current assets

The value of property, plant and equipment and other non-current assets, including intangibles, is reviewed whenever it appears possible, as a result of changed circumstances or events, that the assets' carrying amount represents an overvaluation. In addition, Comet evaluates at year-end whether there are any indications of impairment of non-financial assets. Intangible assets that are in the process of being generated are tested for impairment annually. If the carrying amount exceeds the amount recoverable through use or sale of the asset, the carrying amount is reduced to this recoverable amount and the difference is recorded as an impairment charge in the income statement. The recoverable amount is the higher of realizable value or value in use. Value in use is determined on the basis of discounted expected future cash flows. Any acquired goodwill and any rights to trademarks or names with an indefinite useful life are not amortized but are reviewed annually at the same date for impairment. This impairment test is based on the results for the fiscal year, the rolling multi-quarter forecast and the rolling multi-year plan.

03 Net sales

In the following tables, sales revenue is analyzed by region and by market sector.

In thousands of CHF	Plasma Control Technologies (PCT)		X-Ray Systems (IXS)		Industrial X-Ray Modules (IXM)		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
Geographic region								
Europe	9,710	10,644	26,299	33,936	28,341	32,280	64,350	76,860
North America	184,290	184,871	16,167	13,746	21,487	18,261	221,944	216,879
Asia	187,211	110,263	81,017	81,309	24,133	17,907	292,361	209,479
Rest of world	213	312	6,461	9,381	1,065	811	7,739	10,503
Total net sales	381,424	306,091	129,944	138,371	75,026	69,259	586,395	513,721

Sales split by market sector

In thousands of CHF	2022	2021
PCT		
Semiconductor	358,800	286,329
Others	22,624	19,762
Total, PCT	381,424	306,091
IXS		
Automotive	37,598	51,254
Electronics	58,095	47,276
Science & new materials	17,359	21,836
Aerospace	11,978	13,587
Others	4,915	4,418
Total, IXS	129,944	138,371
IXM		
Non-destructive testing ¹	43,698	39,630
Security	14,551	12,428
Others	16,778	17,202
Total, IXM	75,027	69,259
Total net sales	586,395	513,721

¹ In the year under review the IXM division revised its sales split by market sector. The prior year was adjusted accordingly.

Unsatisfied performance obligations

The unsatisfied or partly unsatisfied performance obligations (so-called order backlog) as of December 31, 2022 amounted to CHF 200 million (prior year: CHF 255 million). Comet will realize this revenue as soon as the performance obligations have been fulfilled and the customers have acquired control of the products or services. This is expected generally to be the case in the next 12 to 24 months.

Contract balances

Opening and closing balances of receivables and contract assets are reported in note 12. Contract liabilities from contracts with customers are presented on the face of the balance sheet. The contract assets consisted mainly of the rights to consideration for product deliveries and services of the X-Ray Systems division that were completed but not yet billed at the balance sheet date. The contract liabilities consisted of prepayments received from customers. The revenue recognized in 2022 from contract liabilities existing at the beginning of the reporting period amounted to CHF 20.3 million (prior year: CHF 33.4 million). Material changes in contract balances result from the receipt of customer payments and the invoicing of satisfied performance obligations.

04 Segment reporting

The Group is managed on the basis of the following three operating divisions, which are delineated based on their products and services. For financial reporting purposes the divisions are also referred to here as "operating segments" or "segments".

- The **Plasma Control Technologies (PCT)** division develops, manufactures and markets vacuum capacitors, radio frequency (RF) generators and RF impedance matching networks for the high-precision control of plasma processes required, for instance, in the production of memory chips and flat panel displays.
- The **X-Ray Systems (IXS)** division develops, manufactures and markets x-ray systems, and provides related services, for non-destructive examination using x-ray and microfocus technology and computed tomography.
- The **Industrial X-Ray Modules (IXM)** division develops, manufactures and markets highly compact x-ray sources and portable x-ray modules for non-destructive examination, steel metrology, and security inspection.

Segment operating income represents all revenues and expenses attributable to a particular division. The only revenues and expenses not allocated to the segments are those of Comet Holding AG, as well as financing income, financing expenses and income taxes. These unallocated expenses and revenues are reported in the "Corporate" column. Transactions between the segments are invoiced at prices also charged to third parties.

The segment assets and liabilities represent all operating items. The following assets and liabilities are not allocated to operating segments: the assets and liabilities of Comet Holding AG, all cash and cash equivalents, all debt and all income tax assets and liabilities. These unallocated assets and liabilities are reported in the "Corporate" column.

04.1 Operating segments

Fiscal year 2022						
In thousands of CHF						
	Plasma Control Technologies (PCT)	X-Ray Systems (IXS)	Industrial X-Ray Modules (IXM)	Elimination of intersegment activity	Corporate	Consolidated
Net sales						
External net sales	381,424	129,944	75,026	—	—	586,395
Intersegment sales	—	407	13,616	(14,023)	—	—
Total net sales	381,424	130,351	88,643	(14,023)	—	586,395
Segment operating income	94,497	(3,104)	10,868	(1,227)	—	101,033
Unallocated costs	—	—	—	—	(2,059)	(2,059)
Operating income	94,497	(3,104)	10,868	(1,227)	(2,059)	98,975
Interest income						440
Interest (expenses)						(1,715)
Net gains or (losses) on derivative fair value						(192)
Net gains or (losses) on foreign exchange						(2,140)
Income before tax						95,368
Income tax						(17,259)
Net income						78,109
EBITDA	104,915	1,607	15,677	(1,227)	(2,059)	118,913
EBITDA in % of net sales	27.5%	1.2%	17.7%			20.3%
Assets and liabilities at Dec. 31, 2022						
Segment assets	216,730	103,496	88,108	—	148,467	556,801
Segment liabilities	(75,364)	(53,689)	(17,222)	—	(78,994)	(225,269)
Net assets	141,365	49,807	70,886	—	69,473	331,532
Other segment information						
Additions to right-of-use asset	20,714	1,558	239	—	—	22,511
Additions to property, plant and equipment & intangible assets	16,958	2,384	3,412	—	—	22,753
Depreciation, amortization and impairment	10,419	4,711	4,809	—	—	19,939
Change in provisions	(318)	1,509	(166)	—	—	1,026
Other non-cash expense or (income)	(345)	93	4	58	24	(166)
Number of employees at year-end	998	430	335	—	—	1,763

Fiscal year 2021

In thousands of CHF

	Plasma Control Technologies (PCT)	X-Ray Systems (IXS)	Industrial X-Ray Modules (IXM)	Elimination of intersegment activity	Corporate	Consolidated
Net sales						
External net sales	306,091	138,371	69,259	—	—	513,721
Intersegment sales	—	535	9,687	(10,222)	—	—
Total net sales	306,091	138,906	78,946	(10,222)	—	513,721
Segment operating income	71,864	3,634	10,548	294	—	86,340
Unallocated costs	—	—	—	—	(2,255)	(2,255)
Operating income	71,864	3,634	10,548	294	(2,255)	84,085
Interest income						222
Interest (expenses)						(1,544)
Net gains or (losses) on derivative fair value						(495)
Net gains or (losses) on foreign exchange						(60)
Income before tax						82,208
Income tax						(14,771)
Net income						67,437
EBITDA	80,487	8,931	15,292	294	(2,255)	102,749
EBITDA in % of net sales	26.3%	6.4%	19.4%			20.0%
Assets and liabilities at Dec. 31, 2021						
Segment assets	153,907	116,142	85,470	—	134,897	490,415
Segment liabilities	(50,890)	(75,497)	(20,290)	—	(68,757)	(215,435)
Net assets	103,017	40,645	65,180	—	66,140	274,981
Other segment information						
Additions to right-of-use asset	1,165	861	1,597	—	—	3,623
Additions to property, plant and equipment & intangible assets	6,586	1,870	3,011	—	—	11,467
Depreciation, amortization and impairment	8,622	5,297	4,744	—	—	18,663
Change in provisions	262	(1,887)	77	—	—	(1,549)
Other non-cash expense or (income)	(203)	(293)	(47)	24	400	(119)
Number of employees at year-end	826	435	310	—	—	1,571

Reconciliation of aggregate segment assets and liabilities to consolidated results

In thousands of CHF	2022	2021
Operating segments' assets	408,334	355,519
Total cash and cash equivalents	125,945	115,533
Other assets	3,718	4,863
Tax receivables	501	2,612
Deferred tax assets	17,940	11,398
Comet Holding AG's receivables from third parties	363	490
Total assets	556,801	490,415
Operating segments' liabilities	(146,276)	(146,678)
Non-current debt	(59,669)	(59,571)
Derivatives used for foreign exchange hedging	(11)	(177)
Tax payables	(17,368)	(7,132)
Deferred tax liabilities	(676)	(676)
Comet Holding AG's payables to third parties	(1,270)	(1,201)
Total liabilities	(225,269)	(215,435)

04.2 Geographic information

Comet markets its products and services throughout the world and has its own companies in Switzerland, Germany, Denmark, the USA, China, Japan, South Korea, Malaysia, Canada and Taiwan. Net sales are allocated to countries on the basis of customer location.

Net sales by region		
In thousands of CHF	2022	2021
Switzerland	6,271	7,918
Germany	26,557	30,887
Rest of Europe	31,522	38,055
Total, Europe	64,350	76,860
Total, North America	221,944	216,879
China	105,848	98,561
Japan	29,500	26,552
Rest of Asia	157,013	84,365
Total, Asia	292,361	209,479
Rest of world	7,739	10,503
Total	586,395	513,721

Property, plant and equipment, right-of-use assets and intangible assets are allocated to the regions based on the country entities' location.

Property, plant and equipment, right-of-use assets and intangible assets by region		
In thousands of CHF	2022	2021
Switzerland	107,764	107,062
Germany	41,127	44,288
North America	35,543	13,428
Rest of world	6,839	6,743
Total	191,273	171,521

04.3 Sales with key accounts

In the year under review, the Plasma Control Technologies division recorded sales of CHF 211 million with its largest customer, which represented 36.1% of Group sales (prior year: CHF 156 million and 30.4%, respectively).

05 Other operating income

In thousands of CHF	2022	2021
Income from the development of prototypes	3,353	2,134
Customers' contributions to development projects	94	327
Government grants	413	128
Miscellaneous income	1,039	1,093
Total other operating income	4,899	3,682

06 Staff costs and staff count**06.1 Staff costs**

In thousands of CHF	2022	2021
Wages and salaries	160,286	143,010
Employee benefits	26,244	23,246
Total staff costs	186,530	166,256

06.2 Staff count

	2022	2021
Number of employees at year-end	1,763	1,571
Average full-time equivalents during the year	1,599	1,432

07 Development expenses

Development expenses comprise the costs of new-product development, improvement of existing products, and process engineering. Comet's development activities focus on the fields of vacuum technology, high voltage engineering and material science, and on the further development of the divisions' core products. In view of the uncertainty of future economic benefits that may flow from development projects, Comet as a rule does not capitalize development costs but charges them directly to the income statement.

08 Amortization, depreciation and impairment

In thousands of CHF	2022	2021
Amortization of intangible assets	2,837	3,579
Depreciation of right-of-use assets	5,745	4,765
Depreciation of property, plant and equipment	10,895	10,319
Total amortization and depreciation	19,478	18,663
Impairment of property, plant and equipment	461	—
Total impairment	461	—
Total amortization, depreciation and impairment	19,939	18,663

The impairment of CHF 0.5 million was in relation to planning costs incurred due to a planned building conversion that will not be realized in the near future.

09 Financing income and expenses

In thousands of CHF	2022	2021
Interest income from leases	60	67
Interest income other	380	155
Total interest income	440	222
Interest expense for bond	(879)	(1,053)
Interest expense for leases	(749)	(414)
Interest expense other	(87)	(77)
Total interest expenses	(1,715)	(1,544)
Net interest income or (expenses)	(1,275)	(1,322)
Gains on derivative fair value	1,623	514
Losses on derivative fair value	(1,815)	(1,009)
Net gains or (losses) on derivative fair value	(192)	(495)
Gains on foreign currency translation	8,065	2,493
Losses on foreign currency translation	(10,205)	(2,553)
Net gains or (losses) on foreign currency translation	(2,140)	(60)
Total net financing income or (expense)	(3,607)	(1,877)

Foreign currency translation gains and losses resulted largely from items denominated in US dollars and euros.

10 Income tax**10.1 Current and deferred income tax expense**

In thousands of CHF	2022	2021
Current income tax expense in respect of the current year	26,103	17,904
Current income tax expense/(credit) in respect of prior years	(273)	(1,643)
Deferred income tax expense/(credit)	(8,572)	(1,490)
Total income tax expense	17,259	14,771

10.2 Reconciliation of tax expense

In thousands of CHF	2022	2021
Income before tax	95,368	82,208
Expected income tax at base tax rate of 20.5% (prior year: 22%)	19,550	18,086
Effect of tax rates other than base tax rate	(223)	(231)
Effect of tax relief	(2,310)	(1,060)
Effect of non-tax-deductible expenses	70	88
Effect of change in tax rate on deferred income tax	60	16
Recognition and offset of tax loss carry-forwards not recognized in prior years	68	—
Effect of credits for R&D and domestic manufacturing	(809)	(535)
Effect of income tax from other periods	(273)	(1,643)
Effect of non-refundable withholding tax	667	190
Other effects	355	(141)
Income tax reported in the income statement	17,259	14,771
Effective income tax rate in % of income before tax	18.1%	18.0%

The expected income tax rate represents the Group's experience-based long-term tax rate and takes into account the local income tax rates of the individual Group companies.

Comet AG, based in Flamatt, has been granted conditional tax relief by the canton of Fribourg, Switzerland, in the form of a reduction in cantonal and municipal taxes up to fiscal year 2022. For 2022 the tax reduction amounted to 50% (prior year: 50%).

10.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities can be analyzed as follows:

In thousands of CHF	2022		2021	
	Assets	Liabilities	Assets	Liabilities
Financial instruments	46	(102)	46	(44)
Receivables	727	(698)	2,431	(436)
Inventories	6,656	(516)	5,778	(1,399)
Property, plant and equipment	279	(333)	154	(430)
Right-of-use assets	—	(10,973)	—	(5,616)
Intangible assets	216	(986)	288	(1,976)
Trade payables and other liabilities	716	(108)	572	(328)
Lease liabilities	11,689	—	5,822	—
Accrued expenses	9,097	—	2,630	—
Provisions	1,158	—	1,084	—
Employee benefit plan liabilities	26	(98)	1,499	—
Tax loss carryforwards, and tax credits for R&D and domestic manufacturing	468	—	647	—
Total gross deferred tax of Group companies	31,078	(13,814)	20,951	(10,229)
Netting of deferred tax by Group companies	(13,138)	13,138	(9,553)	9,553
Amounts in the consolidated balance sheet	17,940	(676)	11,398	(676)

The deferred tax assets and liabilities were measured at local tax rates, ranging from 13% to 33%. No deferred tax liabilities were established for temporary differences of CHF 196.2 million (prior year: CHF 141.7 million) in respect of the value of the ownership interests in Group companies. Distributions of retained earnings by subsidiaries are not expected to have an effect on income taxes, except for future distributions from China, Korea, Taiwan and Canada. There were no tax provisions for non-refundable withholding taxes on future distributions of foreign subsidiaries to Comet Holding AG. Distributions by Comet Holding AG to its shareholders have no effect on the reported or future income taxes.

10.4 Movement in deferred tax assets and liabilities

In thousands of CHF	2022	2021
Net asset at January 1	10,722	9,508
Origination and reversal of temporary differences recognized in the income statement	8,345	1,780
Recognition of deferred tax assets on loss carryforwards and R&D credits	227	287
Use of tax loss carryforwards	—	(577)
Deferred tax credit in the income statement	8,572	1,490
Origination and reversal of temporary differences recognized in other comprehensive income	(1,483)	(283)
Foreign currency translation differences	(548)	6
Net asset at December 31	17,264	10,722
Reported as assets	17,940	11,398
Reported as liabilities	(676)	(676)

10.5 Tax loss carryforwards

Deferred tax assets, including tax loss carryforwards and expected tax credits, are recognized only if it is likely that future taxable profits will be available to which these deferred tax assets can be applied. Temporary differences for which no tax assets were recognized were nil (prior year: nil).

At the balance sheet date of December 31, 2022, tax loss carryforwards stood at CHF 3.1 million (prior year: CHF 2.5 million). Including tax credits for R&D and domestic manufacturing, the resulting deferred tax assets were CHF 0.5 million (prior year: CHF 0.6 million). The existing loss carryforwards can be carried forward indefinitely.

In the fiscal year, there were unrecognized deferred tax assets on tax loss carryforwards of CHF 1.1 million (prior year: nil).

11 Earnings per share

Basic earnings per share represents the reporting period's consolidated net income divided by the average number of shares outstanding.

	2022	2021
Weighted average number of shares outstanding	7,772,023	7,768,812
Net income in thousands of CHF	78,109	67,437
Net income per share in CHF, diluted and basic	10.05	8.68

There are no outstanding stock options or stock subscription rights that could lead to a dilution of earnings per share.

12 Trade and other receivables

In thousands of CHF	2022	2021
Trade receivables, gross	79,217	66,007
Impairment of trade receivables	(920)	(950)
Trade receivables, net	78,297	65,057
Refundable sales taxes and value-added taxes	3,482	2,291
Prepayments to suppliers	4,724	1,475
Contract assets ¹	453	1,718
Sundry receivables	2,147	2,151
Total other receivables	10,806	7,635
Total trade and other receivables	89,103	72,692

¹ In the year under review and in the prior year, the IXS division's prepayments from customers in "contract liabilities" were netted with already invoiced contract assets in "trade receivables" (see note 2.3).

The allowance account for impairment of trade receivables showed the following movement:

In thousands of CHF	2022	2021
January 1	950	933
Used	(33)	—
Added	444	92
Released	(418)	(74)
Foreign currency translation differences	(23)	(2)
December 31	920	950

The impairment test of trade receivables performed identified no material change in the risk of default in the year under review.

At the balance sheet date, complete impairment was recognized on CHF 0.6 million (prior year: CHF 0.7 million) of trade receivables. Within the item "total other receivables", there were no amounts past due or written down. The Group does not hold security against trade and other receivables.

The aging schedule for past-due trade receivables on which impairment has been recognized is summarized in the table below:

Fiscal year 2022				
In thousands of CHF	Expected loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
Trade receivables		79,217	920	78,297
Not past due	0.4%	72,937	256	72,681
Over 30 days past due, impairment recognized	0.5%	2,840	13	2,827
Over 60 days past due, impairment recognized	0.8%	1,107	8	1,098
Over 90 days past due, impairment recognized	1.3%	1,015	13	1,003
Over 120 days past due, impairment recognized	1.8%	184	3	181
Over 150 days past due, impairment recognized	55.3% ¹	1,133	627	506

¹ Individual impairment allowances included.

Fiscal year 2021				
In thousands of CHF	Expected loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
Trade receivables		66,007	950	65,057
Not past due	0.3%	59,922	209	59,713
Over 30 days past due, impairment recognized	0.5%	3,133	14	3,118
Over 60 days past due, impairment recognized	0.8%	741	6	736
Over 90 days past due, impairment recognized	1.3%	1,050	13	1,037
Over 120 days past due, impairment recognized	1.8%	124	2	122
Over 150 days past due, impairment recognized	68.0% ¹	1,036	706	331

¹ Individual impairment allowances included.

13 Other assets (including financial assets) and financial liabilities**13.1 Other assets, including financial assets**

In thousands of CHF	2022	2021
Other assets at fair value through profit or loss		
Derivatives used for foreign exchange hedging	634	133
Total other assets at fair value through profit or loss	634	133
Other assets at amortized cost		
Lease receivable	2,548	2,842
Restricted cash – post-combination compensation	371	1,171
Restricted cash – purchase price holdback for warranties	—	718
Other non-current financial assets	576	184
Total other assets at amortized cost	3,495	4,914
Total other assets	4,129	5,047
Total current	1,303	1,925
Total non-current	2,826	3,122

13.2 Other financial liabilities

In thousands of CHF	2022	2021
Other financial liabilities at fair value through profit or loss		
Derivatives used for foreign exchange hedging	11	176
Total other financial liabilities at fair value through profit or loss	11	176
Other financial liabilities at amortized cost		
Liability for purchase price holdback for warranties	—	718
Total other financial liabilities at amortized cost	—	718
Total other financial liabilities	11	894
Total current	11	894

13.3 Derivative financial instruments

At the balance sheet date, open positions in forward exchange contracts were as follows:

In thousands of CHF	2022	2021
USD forward exchange contracts		
Contract amounts	14,723	21,573
Positive fair values	634	129
Negative fair values	—	160
JPY forward exchange contracts		
Contract amounts	—	385
Positive fair values	—	4
CNY forward exchange contracts		
Contract amounts	1,336	502
Negative fair values	11	16

The gains and losses from foreign exchange contracts are recognized as financing income or expense (see note 27). The contract amounts shown represent the notional principal amounts of the forward contracts. Consistent with the nature of the Group's activities, the forward exchange contracts have maturities of less than one year; most are due within six months.

13.4 Other assets at amortized cost

Lease receivables

Lease receivables showed the following movement in 2022:

Lease receivable movement	2022	2021
in thousands of CHF	Lease receivable	Lease receivable
January 1	2,842	1,465
Additions	–	1,688
Accretion of interest	60	66
Lease payments received	(353)	(378)
December 31	2,548	2,842

The maturity analysis of the lease receivable is as follows:

Lease receivable maturity analysis				
In thousands of CHF	2023	2024 – 2027	After 2027	Total lease receivable
Maturity analysis as of December 31, 2022				
Undiscounted lease payments	352	1,407	1,027	2,786
Interest portion	(54)	(149)	(35)	(238)
Lease receivable	298	1,259	991	2,548
	2022	2023 – 2026	After 2026	Total lease receivable
Maturity analysis as of December 31, 2021				
Undiscounted lease payments	412	1,407	1,321	3,141
Interest portion	(61)	(176)	(62)	(299)
Lease receivable	351	1,231	1,259	2,842

Restricted cash

At the time of the acquisition of Object Research Systems (ORS) Inc., an agreement for compensation of CHF 1.5 million in the post-combination period was concluded with key ORS personnel as a separate transaction. An initial purchase price holdback of CHF 1.4 million for warranties regarding acquired software technology was also agreed. For the settlement of these elements, cash was transferred to an escrow account in fiscal year 2020, thus restricting access to these funds.

In December 2021, the first payments to the former shareholders of ORS and key ORS personnel were released. The payments included CHF 0.3 million of post-combination compensation and CHF 0.7 million of purchase price holdback. In fiscal year 2022, further payments were released. The payments included CHF 0.8 million of post-combination compensation and CHF 0.7 million of purchase price holdback. As of

December 31, 2022, the restricted cash amounted to CHF 0.4 million after the payments (prior year: CHF 1.9 million).

13.5 Other financial liabilities at amortized cost

As part of the acquisition of Object Research Systems (ORS) Inc., a purchase price holdback of CHF 1.4 million was agreed for warranties regarding the acquired software technology (also see explanations in note 13.4). In December 2021, a first payment of CHF 0.7 million of purchase price holdback was issued. The remaining amount was released as of December 31, 2022.

14 Inventories

In thousands of CHF	2022	2021
Raw materials and semi-finished products	73,749	46,176
Work in process	12,364	17,111
Finished goods	36,355	35,980
Total inventories	122,468	99,268

The inventory amounts reflect any necessary individual write-downs for items with a market value below manufacturing cost. The expense recognized for inventory write-downs was CHF 2.2 million (prior year: CHF 2.8 million).

Trade restrictions are identified as an additional risk for inventory in stock, especially items which entail US technology and are intended to be sold within the Chinese market. Comet is periodically reviewing all items at risk; no impact was identified as of December 31, 2022.

15 Prepaid expenses

In thousands of CHF	2022	2021
Contract costs	257	539
Other prepaid expenses	5,184	3,730
Total prepaid expenses	5,441	4,269

The contract costs represent capitalized sales commissions for agent activities (incremental costs directly attributable to obtaining a contract). In the fiscal year, sales commissions of CHF 1.8 million were recognized in the income statement (prior year: CHF 2.9 million).

The other prepaid expenses consisted largely of prepayments made for the subsequent fiscal year.

16 Property, plant and equipment

Fiscal year 2022					
In thousands of CHF	Real estate	Plant and equipment	Other tangible assets	Assets under construction	Total property, plant and equipment
Cost					
January 1, 2022	97,991	100,810	18,956	5,688	223,446
Additions	171	2,646	1,773	16,090	20,681
Commissioning of assets under construction	—	4,442	614	(5,056)	(0)
Disposals	—	(1,465)	(1,554)	—	(3,019)
Foreign currency translation differences	—	(727)	(387)	(300)	(1,414)
December 31, 2022	98,162	105,704	19,403	16,423	239,693
Accumulated depreciation and impairment					
January 1, 2022	33,207	65,330	13,205	—	111,743
Additions	2,528	5,830	2,537	—	10,895
Impairment	—	461	—	—	461
Disposals	—	(1,240)	(1,515)	—	(2,755)
Foreign currency translation differences	—	(354)	(264)	—	(618)
December 31, 2022	35,735	70,027	13,963	—	119,725
Carrying amount					
January 1, 2022	64,784	35,479	5,752	5,688	111,703
December 31, 2022	62,427	35,677	5,440	16,423	119,968

Fiscal year 2021					
In thousands of CHF	Real estate	Plant and equipment	Other tangible assets	Assets under construction	Total property, plant and equipment
Cost					
January 1, 2021	97,681	94,593	17,593	7,968	217,834
Acquisition of a subsidiary	—	—	—	—	—
Additions	34	3,539	3,272	3,098	9,943
Commissioning of assets under construction	276	4,231	826	(5,333)	—
Reclassifications	—	33	(33)	—	—
Disposals	—	(1,409)	(2,635)	—	(4,045)
Foreign currency translation differences	—	(176)	(66)	(45)	(287)
December 31, 2021	97,991	100,810	18,956	5,688	223,446
Accumulated depreciation and impairment					
January 1, 2021	30,689	60,998	13,517	—	105,204
Additions	2,518	5,560	2,242	—	10,320
Reclassifications	—	25	(25)	—	—
Disposals	—	(1,289)	(2,475)	—	(3,763)
Foreign currency translation differences	—	36	(54)	—	(18)
December 31, 2021	33,207	65,330	13,205	—	111,743
Carrying amount					
January 1, 2021	66,991	33,595	4,076	7,968	112,629
December 31, 2021	64,784	35,480	5,751	5,688	111,703

Assets pledged or assigned as collateral for Group obligations

At December 31, 2022 and December 31, 2021, all real estate liens (mortgage notes in the amount of CHF 30.0 million) were held within the Group.

17 Right-of-use assets and lease liabilities

The rights of use and liabilities arising from leases showed the following movement:

Fiscal year 2022

In thousands of CHF	Right-of-use assets				Lease liabilities
	Buildings	Equipment	Other assets	Total	
January 1, 2022	18,185	595	10	18,791	19,840
Additions	22,244	267	–	22,511	22,511
Disposals	(1,920)	(5)	–	(1,925)	(1,925)
Depreciation, amortization and impairment	(5,389)	(346)	(10)	(5,745)	–
Accretion of interest	–	–	–	–	749
Repayment of lease liabilities	–	–	–	–	(4,338)
Lease incentive ¹	–	–	–	–	3,530
Payment of interest on lease liabilities	–	–	–	–	(749)
Foreign currency translation differences	(1,209)	(21)	–	(1,230)	(1,420)
December 31, 2022	31,912	490	(0)	32,401	38,197
Reported on the face of the balance sheet as:					
Current lease liability					3,955
Non-current lease liability					34,242

¹ The Landlord agreed to contribute a total of CHF 8.4 million toward the cost of performing the tenant improvements in preparation of Comet's occupancy of the premises. In fiscal year 2022, the "tenant improvement allowance" amounted to CHF 3.5 million.

The non-current lease liabilities largely have remaining maturities of two to ten years. The expected future lease payments are presented in note 28.2.3.

The additions to right-of-use assets and lease liabilities were non-cash items and are thus not included in cash flow from investing activities.

Fiscal year 2021

In thousands of CHF	Right-of-use assets				Lease liabilities
	Buildings	Equipment	Other assets	Total	
January 1, 2021	19,973	626	11	20,610	21,842
Acquisition of a subsidiary	–	–	–	–	–
Additions	3,236	378	9	3,623	3,623
Disposals	(36)	(0)	–	(36)	(36)
Depreciation, amortization and impairment	(4,372)	(383)	(10)	(4,765)	–
Accretion of interest	–	–	–	–	414
Repayment of lease liabilities	–	–	–	–	(4,927)
Payment of interest on lease liabilities	–	–	–	–	(414)
Foreign currency translation differences	(616)	(26)	0	(642)	(662)
December 31, 2021	18,185	595	10	18,791	19,840
Reported on the face of the balance sheet as:					
Current lease liability					3,949
Non-current lease liability					15,891

The composition of the lease expenses in fiscal 2022 and 2021 is shown below:

In thousands of CHF	2022	2021
Depreciation, amortization and impairment	5,745	4,765
Interest expenses	749	414
Expenses for short-term leases and other items	449	59
Expense for low-value leases	12	7
Expense for variable lease payments not included in the measurement of lease liabilities	2	33
Total lease expenses	6,956	5,277

Comet has lease agreements containing extension and termination options (see note 2.5). At December 31, 2022, all options either deemed highly likely to be exercised or not to be exercised were taken into account in the valuation of the lease liabilities.

The undiscounted payments of options that were not exercised as at December 31, 2022 amounted to CHF 1.4 million due within the subsequent five years (prior year: CHF 3.0 million) and to CHF 28.6 million for option periods of more than five years (prior year: CHF 9.1 million).

18 Intangible assets

Fiscal year 2022						
In thousands of CHF						
	Goodwill and trademarks	Customer lists	Technology	Software	Other intangible assets	Total intangible assets
Cost						
January 1, 2022	31,547	21,210	5,032	26,237	164	84,190
Additions	—	—	—	1,949	124	2,072
Disposals	—	—	—	(157)	—	(157)
Foreign currency translation differences	(1,097)	(790)	(215)	(360)	(3)	(2,464)
December 31, 2022	30,450	20,421	4,817	27,669	285	83,641
Accumulated amortization						
January 1, 2022	1	18,861	2,413	21,837	50	43,163
Additions	1	870	366	1,557	44	2,837
Disposals	—	—	—	(157)	—	(157)
Foreign currency translation differences	(0)	(707)	(115)	(283)	(1)	(1,106)
December 31, 2022	2	19,024	2,664	22,954	93	44,737
Carrying amount						
January 1, 2022	31,545	2,349	2,619	4,400	114	41,027
December 31, 2022	30,447	1,397	2,153	4,715	192	38,904

The categories "goodwill and trademarks", "customer lists" and "technology" were capitalized in connection with business combinations.

Comet is following a long-term brand strategy. To leverage the strength of the established Comet brand and Yxlon brand even better, a re-branding took place in fiscal year 2022 to create the "Comet Yxlon" brand. Comet deems the capitalized, existing standalone Yxlon

brand to have an indefinite useful life, as Yxlon remains an important registered brand.

Fiscal year 2021

In thousands of CHF

	Goodwill and trademarks	Customer lists	Technology	Software	Other intangible assets	Total intangible assets
Cost						
January 1, 2021	32,385	21,730	5,023	25,222	122	84,482
Acquisition of a subsidiary	(67)	—	—	—	—	(67)
Additions	—	—	—	1,473	52	1,525
Disposals	—	—	—	(92)	(9)	(101)
Foreign currency translation differences	(772)	(519)	9	(365)	(1)	(1,649)
December 31, 2021	31,547	21,210	5,032	26,237	164	84,190
Accumulated amortization						
January 1, 2021	0	17,996	2,012	20,578	34	40,620
Additions	1	1,426	494	1,632	26	3,579
Disposals	—	—	—	(92)	(9)	(101)
Foreign currency translation differences	—	(560)	(93)	(280)	(1)	(934)
December 31, 2021	1	18,861	2,413	21,837	50	43,163
Carrying amount						
January 1, 2021	32,385	3,734	3,012	4,644	88	43,862
December 31, 2021	31,545	2,349	2,619	4,400	114	41,027

19 Impairment test of goodwill and intangible assets with indefinite useful lives

The impairment test for goodwill and other intangible assets with indefinite useful lives was performed as at October 31, 2022. For the purpose of the impairment test, the assets to be tested were allocated to and measured as the following two cash generating units, at the level of the IXS division and (within the IXM division) at the level of the IXT business unit:

- X-Ray Systems (IXS), as the relevant cash generating unit for all activities of the historically acquired Yxlon group and for the FeinFocus product group, with the exception of the generator business;
- Industrial X-Ray Technology (IXT), for the generator business acquired as part of the acquisition of Yxlon.

The impairment test is based on the value in use method. The recoverable amount is determined from the present value of the future cash flows (DCF valuation). The calculations are based on the Board-approved rolling forecast current at the time of the impairment test, and on the Board-approved rolling medium-term plan for 2023 to 2025. Using experience-based estimates, the amounts in the forecast and in the medium-term plan are based on growth projections for net sales, operating income and other parameters, taking into consideration the estimated market trends in the various regions. Cash flows beyond the forecast period are extrapolated using an assumed growth rate of 1.5%, which is within the expected rate of market growth. The assumptions applied in determining value in use correspond to the expected long-term average growth rate of the X-Ray Systems division's operating business and of the generator business of Industrial X-Ray Modules. Input variables with a critical impact on the outcome of the impairment test are the assumed rates of sales growth and the projected trend in operating income.

Carrying amount of the assets tested

	X-Ray Systems (IXS) CGU		Industrial X-Ray Technology (IXT) CGU		Total	
In thousands of CHF	2022	2021	2022	2021	2022	2021
Goodwill	21,593	22,601	6,873	6,873	28,467	29,475
Trademarks (Yxlon)	1,980	2,071	—	—	1,980	2,071
Total carrying amount	23,573	24,672	6,873	6,873	30,447	31,545

Assumptions applied in the valuation model

	X-Ray Systems (IXS) CGU			Industrial X-Ray Technology (IXT) CGU		
	YoY movement in %	2022	2021	YoY movement in %	2022	2021
Discount rate (WACC) before tax	1.8%	12.1%	10.3%	1.1%	12.4%	11.2%
Growth rate of terminal value	0.0%	1.5%	1.5%	0.0%	1.5%	1.5%

Sensitivities to the assumptions applied in the valuation model

The measurement of the values in use of the X-Ray Systems CGU (IXS) and the Industrial X-Ray Technology CGU (IXT) is sensitive to the following assumptions in the planning period (2023 to 2025):

- Growth assumptions: Sales revenue is projected by product group and market segment. Based on the recovering situation of 2022 as the starting point, the average annual rate of sales growth is assumed to be 22.2% for IXS (prior year: 9.5%) and 20.8% for IXT (prior year: 16.2%).
- Gross margins: Gross margins in the medium term are expected to average approximately 42.7% for IXS (prior year: 39.7%) and 51.6% for IXT (prior year: 50.3%). Target achievement also depends in part on the trend in the purchasing prices of materials.
- Foreign exchange rates: The movement in exchange rates between the Swiss franc and the euro and US dollar has an effect on company value. The forecasts are based on October 2022 exchange rates.
- Discount rate (WACC): The capital costs were determined based on borrowing costs (before tax) and on the long-term risk-free rate, a small-cap premium, and a market risk premium weighted by a Comet-specific beta factor.

No impairment was recognized in the year under review and Comet believes that, with a realistic change in the material assumptions, the recoverable amount would not fall below the carrying amount.

20 Debt

The bond maturing on April 20, 2021 was repaid and refinanced using a new bond issued by Comet Holding AG on April 20, 2021 in the amount of CHF 60 million. The bond was issued at par. The term of the bond is five years and it matures on April 20, 2026. The fixed coupon rate over the term is 1.30%, payable annually on April 20. The bond is listed on the SIX Swiss Exchange (Swiss security number 110 109 656, ticker symbol COT21).

At the end of the fiscal year under review, Comet had undrawn uncommitted credit facilities of CHF 56.2 million (prior year: CHF 57.3 million). Of this total, CHF 1.7 million (prior year: CHF 3.8 million) was reserved for hedging transactions and bank guarantees.

20.1 Movement in debt

Fiscal year 2022						
In thousands of CHF	Jan. 1, 2022	Cash flows	Reclassif. from non-current to current	Unwinding of discount, and remeasurement	Foreign currency translation differences	Dec. 31, 2022
Non-current debt	59,571	—	—	98	—	59,669
Total debt	59,571	—	—	98	—	59,669

Fiscal year 2021						
In thousands of CHF	Jan. 1, 2021	Cash flows	Reclassif. from non-current to current	Unwinding of discount, and remeasurement	Foreign currency translation differences	Dec. 31, 2021
Current debt	59,976	(60,000)	—	24	—	—
Non-current debt	—	59,503	—	68	—	59,571
Total debt	59,976	(497)	—	93	—	59,571

21 Trade and other payables

In thousands of CHF	2022	2021
Trade payables	31,191	26,095
Sundry payables	5,903	5,428
Sales commissions	2,809	3,593
Total financial liabilities	39,903	35,116
Sales tax and value-added tax	1,014	1,321
Total other payables	1,014	1,321
Total trade and other payables	40,917	36,437

22 Accrued expenses

In thousands of CHF	2022	2021
Accrued staff costs	24,475	21,256
Other accrued expenses	17,713	14,460
Total accrued expenses	42,188	35,716

Accrued staff costs consist mainly of the amount accrued for performance-based compensation, and employees' vacation and overtime credits. The item "other accrued expenses" relates to outstanding invoices and payables of the fiscal year.

23 Provisions

Fiscal year 2022			
In thousands of CHF			
	Warranties	Other provisions	Total provisions
January 1, 2022	6,137	873	7,010
Added	8,722	771	9,493
Used	(6,733)	(88)	(6,821)
Released	(1,600)	(47)	(1,647)
Foreign currency translation differences	(46)	(61)	(107)
December 31, 2022	6,480	1,448	7,929
Of which:			
January 1, 2022			
Current provisions	6,137	605	6,743
Non-current provisions	—	267	267
December 31, 2022			
Current provisions	6,480	475	6,955
Non-current provisions	—	973	973

The provision for warranties covers the risk of expenses for defects that have not occurred to date, but could potentially occur until the end of the warranty periods. Warranty provisions are measured based on historical experience.

24 Employee benefits

24.1 Employee benefit plan liabilities

The employee benefit plan liabilities of the Group are summarized in the following table.

In thousands of CHF	2022	2021
Defined benefit liability in Switzerland	—	10,806
Defined benefit liability in Germany	308	776
Total defined benefit liability	308	11,582
Provision for length-of-service awards	1,399	1,415
Total employee benefit plan liabilities	1,707	12,997

24.2 Defined benefit plans

Comet maintains defined benefit pension plans in Switzerland and Germany. These plans differ according to their particular purpose and are based on the legal requirements in the respective countries.

Switzerland

The defined benefit plans are managed within a collective foundation. This is a separate legal entity falling under the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pensions (the BVG). The pension fund maintains a main ("base") plan for employees that provides the legally required benefits, and a supplemental plan that provides benefits in respect of pay components above the statutory range. Both plans are managed under a fully insured pension model and thus, all investment risk is carried by the pension fund, or ultimately by the insurer. The plans are administered by the collective foundation, which is in the form of a foundation organized by an insurance company. The pension fund is managed by the foundation's board of directors, which is composed of equal numbers of employee and employer representatives and is required to act in the interests of the plan participants.

Plan participants are insured against the financial consequences of old age, disability and death. The benefits are specified in a set of regulations. Minimum levels of benefits are prescribed by law. Contribution levels are set as a percentage of the insured portion of employees' pay. The retirement benefit is calculated as the retirement pension asset existing at the time of retirement, multiplied by the conversion rate specified in the regulations. Plan participants can opt to receive their principal as a lump sum instead of drawing a pension. The supplemental plan as a rule pays out a lump sum. The amounts of the disability and survivor pensions are defined as a percentage of insured pay.

Germany

In Germany there is a closed plan with pension commitments which no longer has active participants. The obligations in respect of current pension payments and deferred pensions are recognized in the balance sheet.

Principal actuarial assumptions

	Switzerland		Germany	
	2022	2021	2022	2021
Discount rate at January 1	0.30%	0.15%	0.80%	0.40%
Discount rate at December 31	2.20%	0.30%	3.60%	0.80%
Expected rate of salary increases	1.50%	1.00%	–	–
	BVG 2020	BVG 2020	Heubeck	Heubeck
Life tables used as basis for life expectancies	GT	GT	2018 GT	2018 GT

Movement in present value of defined benefit obligation, in plan assets and in net carrying amount for defined benefit plans

Fiscal year 2022

In thousands of CHF

	Present value of defined benefit obligation	Fair value of plan assets	Net carrying amount recognized in balance sheet
January 1	(79,329)	67,747	(11,582)
Current service cost	(3,493)	–	(3,493)
Past service cost	605	–	605
Administration cost, excl. cost of managing plan assets	(39)	–	(39)
Current service cost	(2,928)	–	(2,928)
Interest (expense) or income	(257)	219	(39)
Defined benefit cost recognized in the income statement	(3,185)	219	(2,966)
Return on plan assets, excluding interest income	–	123	123
Actuarial gain arising from changes in financial assumptions	16,020	–	16,020
Actuarial loss arising from changes in demographic assumptions	(227)	–	(227)
Actuarial loss arising from experience adjustments	(4,949)	–	(4,949)
Effect of asset ceiling under IAS 19.57(b)	–	(81)	(81)
Defined benefit cost recognized in other comprehensive income	10,844	42	10,886
Benefits paid-in/deposited	(1,277)	1,298	20
Employee contributions	(2,466)	2,466	–
Employer contributions	–	3,305	3,305
Foreign currency translation differences	73	(44)	29
December 31	(75,341)	75,032	(308)
Reported on the face of the balance sheet as:			
An asset			–
A liability			(308)

The actuarial gain arising from changes in financial assumptions was mainly attributable to the increase in the discount rate and, as an off-setting effect, the increase in expected salary increases.

The actuarial loss arising from experience adjustments represents the change that is not attributable to changes in assumptions. This relates in particular to the difference between the actuarial assumptions in the prior year and the actual outcomes with regard to the entry and exit of insured employees, effective salary adjustments, death and disability of insured persons, and retirements.

The board of directors of the pension fund decided in April 2022 to further reduce the pension conversion rates with effect from the year 2024. Under IAS 19, these plan amendments led to a negative past service cost (i.e., they resulted in income) and a corresponding reduction in the defined benefit obligation with a positive pre-tax effect of CHF 0.6 million.

The board of directors of the pension fund decided in March 2021 to reduce the pension conversion rates with effect from the year 2022 and 2023. Under IAS 19, these plan amendments led to a negative past service cost (i.e., they resulted in income) and a corresponding reduction in the defined benefit obligation with a positive pre-tax effect of CHF 0.5 million.

The average duration of the defined benefit obligation was 9.7 years.

Fiscal year 2021

In thousands of CHF

	Present value of defined benefit obligation	Fair value of plan assets	Net carrying amount recognized in balance sheet
January 1	(76,823)	63,484	(13,340)
Current service cost	(3,482)	—	(3,482)
Past service cost	545	—	545
Administration cost, excl. cost of managing plan assets	(37)	—	(37)
Current service cost	(2,974)	—	(2,974)
Interest (expense) or income	(169)	101	(68)
Defined benefit cost recognized in the income statement	(3,143)	101	(3,042)
Return on plan assets, excluding interest income	—	310	310
Actuarial gain arising from changes in financial assumptions	746	—	746
Actuarial gain arising from changes in demographic assumptions	1,786	—	1,786
Actuarial loss arising from experience adjustments	(889)	—	(889)
Defined benefit cost recognized in other comprehensive income	1,644	310	1,954
Benefits paid-in/deposited	1,015	(996)	19
Employee contributions	(2,107)	2,107	—
Employer contributions	—	2,790	2,790
Foreign currency translation differences	86	(50)	36
December 31	(79,329)	67,747	(11,582)
Reported on the face of the balance sheet as:			
An asset			—
A liability			(11,582)

Key figures by country

	Switzerland		Germany	
In thousands of CHF	2022	2021	2022	2021
Present value of defined benefit obligation	(74,076)	(77,525)	(1,264)	(1,804)
Fair value of plan assets	74,157	66,719	956	1,028
Effect of asset ceiling under IAS 19.57(b)	(81)	—	—	—
Net carrying amount recognized in the balance sheet	—	(10,806)	(308)	(776)
Defined benefit cost recognized in the income statement	(2,960)	(3,038)	(6)	(4)
Defined benefit cost recognized in other comprehensive income	10,461	1,890	425	64

The employer contributions to the plans in Switzerland for fiscal year 2023 are expected to amount to CHF 3.4 million.

Major categories of plan assets

In thousands of CHF	2022	2021
Assets from insurance contract	75,032	67,747
Total plan assets without a quoted market price	75,032	67,747

As the base plan and the supplemental plan are managed under a fully insured model, all investment risk is carried by the pension fund, or ultimately by the insurer. The plan assets are therefore reported as the item "assets from insurance contract".

Companies of the Group do not make loans to the pension plans and do not utilize any real estate held by the plans.

Sensitivities

The following table presents an analysis of how the reported present value of the defined benefit obligation would change in response to hypothetical changes in the actuarial assumptions.

Sensitivity of present value of defined benefit obligation to different scenarios

	Switzerland		Germany	
In thousands of CHF	2022	2021	2022	2021
Discount rate: 0.25% decrease	75,884	79,861	1,296	1,749
Discount rate: 0.25% increase	72,378	75,339	1,233	1,859
Expected rate of salary growth: 0.25% decrease	74,057	77,405	1,264	1,803
Expected rate of salary growth: 0.25% increase	74,080	77,633	1,264	1,803
Life expectancy: 1-year increase	74,535	78,282	1,324	1,889
Life expectancy: 1-year decrease	73,619	76,770	1,204	1,717

24.3 Defined contribution plans

The contributions paid to defined contribution plans in the fiscal year amounted to CHF 7.7 million (prior year: CHF 6.8 million).

24.4 Length-of-service awards

Comet grants length-of-service awards to its employees after a certain number of years of service, in the form of lump-sum payments that increase in amount with the number of years of employment. The provision for this item changed as follows in the year under review:

In thousands of CHF	2022	2021
Provision at January 1	1,415	1,468
Current service cost	253	184
Interest cost	6	4
Benefits paid	(185)	(188)
Actuarial losses or (gains)	(78)	(10)
Changes in scope of consolidation ¹	25	—
Foreign currency translation differences	(37)	(43)
Provision at December 31	1,399	1,415

¹ In the reporting period, length-of-service award policies were rolled out in two subsidiaries.

25 Equity capital structure and shareholders

25.1 Capital stock

The capital stock at January 1, 2022 was CHF 7,769,534, divided into 7,769,534 registered shares with a par value of CHF 1.00 per share.

In fiscal year 2022 the capital stock was increased by 4,432 shares from the portion of authorized capital designated for equity-based compensation. Including the increase of 4,432 shares from this portion of authorized capital, Comet Holding AG at December 31, 2022 thus had a new total of CHF 7,773,966 of capital stock, divided into 7,773,966 registered shares with a par value of CHF 1.00 per share. The capital stock is fully paid in.

At its meeting on June 10, 2022 the Board of Directors established that the capital increase from authorized capital for equity-based compensation was properly performed. The information in the commercial register, and the Articles of Association of Comet Holding AG, were updated to reflect the change in capital stock.

	2022		2021	
	Number of shares	Par value in CHF	Number of shares	Par value in CHF
January 1	7,769,534	7,769,534	7,767,887	7,767,887
Increase in capital from the portion of authorized capital designated for equity compensation	4,432	4,432	1,647	1,647
December 31	7,773,966	7,773,966	7,769,534	7,769,534

At the balance sheet date, Comet Holding AG held no treasury stock (prior year: nil).

25.2 Authorized capital for equity compensation

Under article 3b of its Articles of Association, a portion of the Company's unissued authorized capital is designated for use only as equity-based compensation (in German this portion is known as "bedingtes Aktienkapital"). In such a capital increase, stock is issued to Executive Committee members and/or Board members of Comet Holding AG. With respect to this portion of authorized capital, the other shareholders' pre-emptive rights are excluded. The issuance of stock or stock subscription rights is based on a compensation plan (in the form of a written regulation) adopted by the Board of Directors.

In May 2022, in accordance with the compensation plan, the members of the Board of Directors were granted a total of 500 shares of stock in payment of CHF 131,930 of fixed retainers due for fiscal year 2021. In addition, as part of their compensation for 2022, the members of the Board of Directors were granted a total of 250 shares in payment of CHF 65,965 of fixed retainers due for the period from January 1, 2022 to the 2022 Annual Shareholder Meeting. The fully paid shares were applied to the retainers due at a price of CHF 263.86 per share.

Members of the Executive Committee were granted a total of 3,682 shares in payment of CHF 973,557 of profit-sharing compensation due for fiscal year 2021. The fully paid shares were applied to the compensation due at a price of CHF 263.86 per share.

The shares are issued at the applicable stock price at the time of issuance, which may differ from the above-mentioned allotment price. As a result of these grants of a total of 4,432 shares made in 2022, the Company's unissued authorized capital for equity-based compensation showed the following movement:

	2022		2021	
	Number of shares	Par value in CHF	Number of shares	Par value in CHF
January 1	193,586	193,586	195,233	195,233
Increase in capital (awards to Board of Directors for prior term's retainer and to Executive Committee for prior year's profit-sharing compensation)	(4,432)	(4,432)	(1,647)	(1,647)
December 31	189,154	189,154	193,586	193,586

At the end of the year, the remaining unissued authorized capital for equity-based compensation was CHF 189,154, or 2.4% of the existing capital stock.

25.3 Significant shareholders

At December 31, 2022 the Company, according to disclosure notifications, had the following significant shareholders (defined for this purpose as shareholders with voting rights representing 3% or more of the Comet capital stock recorded in the Swiss commercial register of companies):

Beneficial owner	Direct shareholder	Share of voting rights as disclosed by shareholders
Pictet Asset Management SA (Direction de Fonds)		5.27%
UBS Fund Management (Switzerland AG)		5.23%
Credit Suisse Funds AG		3.22%
Ruth Wertheimer	7-Industries Holding B.V.	3.13%

The Company has not been notified of any other shareholders that held 3% or more of its shares. To the best of the Company's knowledge, there were no voting pool agreements.

26 Off-balance sheet transactions

26.1 Contingent asset

Comet Technologies USA Inc., Comet AG and Comet Yxlon GmbH (collectively, "Comet") filed a lawsuit in the U.S. District Court for the Northern District of California asserting that XP Power LLC ("XP") improperly acquired and used Comet trade secrets relating to its radio frequency matching network and generator technologies. A jury trial began on March 14, 2022 and on March 23, 2022, the jury found in favor of Comet, awarding it USD 20 million in compensatory damages and USD 20 million in punitive damages for a total of USD 40 million in monetary damages. On September 30, 2022, Comet was awarded an injunction preventing XP from developing, marketing or selling any product derived from the misappropriated Comet trade secrets. Comet is also eligible to recover from XP certain legal expenses related to the lawsuit; the value of such recovery was unknown as of December 31, 2022. XP is challenging the monetary and non-monetary awards through post-trial motions. Based on the current status of the lawsuit, the final outcome and award amount remained uncertain and the potential award was therefore considered a contingent asset at the end of fiscal year 2022.

On or about December 9, 2022, XP secured a USD 48.4 million bond to stay enforcement of the current judgment through the outcome of an appeal to the U.S. Court of Appeals for the Ninth Circuit. XP may file its motion for appeal once post-trial motions are resolved. Based on the current status of the lawsuit, the amount of Comet's award was still classified as a contingent asset as of December 31, 2022.

26.2 Contingent liabilities

With respect to the XP Power lawsuit, Comet has agreed to a contingent success fee with its legal advisors in the form of a percentage of monetary and non-monetary recovery. The success fee is payable if and when Comet actually receives the recovery, which will happen upon a successful (i) full and final resolution of all post-trial motions and any subsequent appeal or (ii) resolution of the lawsuit via executed settlement agreement. Based on the current status of the lawsuit, the final outcome and award amount remained uncertain as of December 31, 2022 and the success fee was therefore considered to be a contingent liability.

As a global company, Comet is exposed to numerous legal risks. These can include, especially, risks relating to product liability, trade secret misappropriation, patent law, export regulations, tax law and competition law. The outcomes of currently pending and future legal proceedings cannot be predicted with certainty and may thus have adverse or positive effects on the business trajectory and on future financial results.

Provisions are established inasmuch as the financial consequences of a past event can be estimated reliably and the estimate can be confirmed by independent expert opinion. Contingent liabilities that are likely to result in an obligation are included under provisions.

26.3 Other off-balance sheet obligations

As part of its operating activities, Comet had purchase obligations at the balance sheet date totaling CHF 63.2 million (prior year: CHF 37.9 million), of which CHF 27.8 million were current in nature (prior year: CHF 20.3 million) and CHF 35.4 million mature in the five-year period that begins in 2023 (prior year: CHF 17.6 million). The payment obligations arise from off-balance sheet offtake agreements with suppliers, most of which are set out in master agreements.

There were no investment or capital commitments at December 31, 2022 (prior year: nil).

27 Financial instruments

27.1 Classes of financial instruments

Fiscal year 2022

In thousands of CHF

	Note	Financial assets		Financial liabilities		Fair value
		FVTPL ¹	At amortized cost	FVTPL ¹	At amortized cost	
Cash and cash equivalents		—	125,945	—	—	*
Trade and other receivables, net	12	—	80,444	—	—	*
Derivatives	13	634	—	11	—	623
Other assets – financial assets, excluding derivatives	13	—	3,124	—	—	*
Trade and other payables	21	—	—	—	39,903	*
Liability for purchase price holdback for warranties	13	—	—	—	—	*
Lease liabilities	17	—	—	—	38,197	*
Non-current debt, fixed rate	20	—	—	—	59,669	58,800
Total		634	209,513	11	137,768	
Interest income or (expense)	9	440		(1,715)		
Gain or (loss) on derivatives	9		1,623		(1,815)	
Change in impairment and losses on trade receivables	12	—	30	—	—	
Total net gain or (loss) recognized in the income statement		440	1,653	(1,715)	(1,815)	

¹ At fair value through profit or loss.

* The carrying amount approximates fair value.

Fiscal year 2021

In thousands of CHF

	Note	Financial assets		Financial liabilities		Fair value
		FVTPL ¹	At amortized cost	FVTPL ¹	At amortized cost	
Cash and cash equivalents		—	115,533	—	—	*
Trade and other receivables, net	12	—	67,208	—	—	*
Derivatives	13	133	—	176	—	(44)
Other assets – financial assets, excluding derivatives	13	—	3,744	—	—	*
Trade and other payables	21	—	—	—	35,116	*
Liability for purchase price holdback for warranties	13	—	—	—	718	*
Lease liabilities	17	—	—	—	19,840	*
Non-current debt (fixed rate)	20	—	—	—	59,571	62,820
Total		133	186,484	176	115,244	
Interest income or (expense)	9	—	222	—	(1,544)	
Gain or (loss) on derivatives	9	514	—	(1,009)	—	
Change in impairment and losses on trade receivables	12	—	(17)	—	—	
Total net gain or (loss) recognized in the income statement		514	205	(1,009)	(1,544)	

¹ At fair value through profit or loss.

* The carrying amount approximates fair value.

IFRS require all financial instruments which are held at fair value, and all reported fair values, to be categorized into three classes (or "levels") according to whether the fair values are based on quoted prices in active markets (Level 1), on models using other observable market data (Level 2), or on models using unobservable inputs (Level 3).

The only financial instruments that Comet recognized at fair value are derivatives held for currency hedging. The measurement of the derivatives falls into Level 2 of the fair value measurement hierarchy under IFRS 13.

27.2 Fair values of financial instruments

The only differences between fair values and carrying amounts occurred for the CHF 60 million bond, where the quoted market price is used as the fair value (Level 1). As of December 31, 2022 the bond is presented under non-current debt, fixed rate (prior year: presented under non-current debt, fixed rate).

28 Financial risk management

Comet operates internationally through its own subsidiaries, as well as exports to other countries. As such, the Group is subject to various financial risks that arise in relation to underlying business activities.

The Group's financial risk management is centralized through its Treasury function with Comet's Board of Directors having overall responsibility for the establishment and oversight of the Treasury risk management framework. The key elements of risk management form an integral part of Group strategy. Clearly defined management information and control systems are used to measure, monitor and control risks.

Comet seeks to avoid unreasonable financial risks and to mitigate risks through appropriate hedges, and does not enter into derivative financial instruments for speculative purposes.

28.1 Capital management

The primary goal of capital management is to optimize its equity and debt balances in order to sustain the future development of the business and maximize shareholder value.

Comet manages the Group's capital structure to meet liquidity requirements and pursue growth opportunities and profitability targets, taking into account the economic environment and the financial results achieved and planned. Comet may balance its capital structure in several ways, including through the payment of dividends, capital repayment, new share issues, share buybacks and the issuance or redemption of debt.

Comet monitors and evaluates its capital structure by reference to net debt and the equity ratio, with the aim of ensuring that the capital structure covers the business risks and assures the Group's lasting financial flexibility.

In thousands of CHF	2022	2021
Current debt and lease liabilities	3,955	3,949
+ Non-current debt and lease liabilities	93,911	75,462
./. Cash and cash equivalents	125,945	115,533
Net debt	(28,079)	(36,122)
EBITDA	118,913	102,749
Debt factor	(0.2)	(0.4)
Shareholders' equity	331,532	274,981
Equity ratio (equity in % of total assets)	59.5%	57.0%

28.2 Risks in connection with financial instruments

Comet is exposed to a variety of financial risks. These can be divided into market risks, credit risks and liquidity risks.

28.2.1 Market risk

Market risk comprises risks resulting from volatility in foreign currency exchange rates, interest rates and the price of exchange-traded commodities. As a manufacturer, Comet is inherently exposed to commodity price risks (for example, for inputs such as energy, copper and ceramics), but these are not considered financial risks for the purposes of IFRS 7, as Comet procures commodities only for use in manufacturing, not for trading of commodity contracts. Consequently, these risks are not explicitly determined and are not separately disclosed in the consolidated financial statements.

Foreign exchange risk

With its worldwide activities and strong focus on exports, Comet is exposed to foreign exchange risk arising from currency exposures, as revenues and costs often do not arise in the same currency. The currency risk from operations is reduced by purchasing and selling in local currency where possible, an approach known as natural hedging. In addition, to protect against fluctuation in exchange rates, foreign currency orders in the X-Ray Systems division are partly hedged on receipt of the order, using forward exchange contracts. The Industrial X-Ray Modules and Plasma Control Technologies divisions partly hedge the

expected cash flows in foreign currency up to a one-year time horizon, by means of forward exchange contracts.

As Comet hedges only cash flows, there are no hedges of net investments in foreign operations and no hedges related to translation of its foreign subsidiaries' income, assets and liabilities into Swiss francs for inclusion in its consolidated financial statements.

The table below shows the sensitivity of income before tax and of shareholders' equity to a hypothetical 10% movement in those exchange rates that are material for Comet, with all other variables held constant. The most important monetary foreign currency positions in the balance sheets of the Group companies are in euros and US dollars. The sensitivity analysis covers only monetary balance sheet items that, relative to the functional currency of the respective Group company, are settled in foreign currencies. A reduction in exchange rates by the same percentage would produce an opposite effect of equal size.

Fiscal year 2022

	Increase in exchange rate in %	Effect on income before tax in thousands of CHF	Effect on equity in thousands of CHF
EUR / CHF	+10	+1,276	+1,485
USD / CHF	+10	+8,454	+388

Fiscal year 2021

	Increase in exchange rate in %	Effect on income before tax in thousands of CHF	Effect on equity in thousands of CHF
EUR / CHF	+10	+2,131	+310
USD / CHF	+10	+7,788	+0

Interest rate risk

Comet's only market debt instrument is a CHF 60 million bond with a fixed coupon measured at amortized cost. Consequently, volatility in market interest rates did not have an effect on the carrying amounts of the debt, nor therefore on income before tax or on equity. However, Comet's debt financing exposes it to interest rate risk during refinancing in fiscal year 2026.

Comet's cash and cash equivalents and time deposits are subject to market risk associated with interest rate fluctuations. The market value of fixed rate securities may be adversely affected by a rise in interest rates.

The total interest income recognized in fiscal year 2022 amounted to CHF 0.4 million (prior year: CHF 0.2 million), mainly related to variable rate cash investments and deposits. The Group estimates that, given a possible increase or decrease of 25 basis points in Swiss franc, euro and US dollar market interest rates, with all other variables (including foreign exchange rates) held constant, interest income would have been CHF 20 thousand higher or CHF 20 thousand lower, respectively (prior year: nil).

The above sensitivity analyses are for illustration purposes only, as in practice, market rates rarely change in isolation from other factors that also affect Comet's financial position and results.

28.2.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a loss.

Banking transactions

The Group has policies that limit the amount of counterparty credit exposure to any single financial institution and actively monitors these exposures. The financial transactions are predominantly entered into with investment grade financial institutions, and in principle, Comet requires a minimum long-term rating of A- for its deposit and cash investments. The Group may deviate from this requirement from time to time for operational reasons. The highest exposure to a single financial counterparty on December 31, 2022, amounted to CHF 42.4 million (prior year: CHF 62.7 million).

Trade receivables

Comet operates worldwide, selling its products in various countries and to a large number of customers. Payment terms vary according to the market and customer. The credit limits for and payments received from each customer are monitored by the individual Group companies; the resulting information is made available to Group management in the form of monthly special reports. Appropriate allowance for expected risk of default is made through the recognition of impairment on doubtful accounts. Receivables and contract assets are written off only when payment is highly unlikely to be forthcoming. Detailed information on impairment of receivables and contract assets and its movement in the year can be found in note 12.

The amount of exposure to credit risk equals the carrying amount of the respective financial instruments in the balance sheet.

28.2.3 Liquidity risk

Comet defines liquidity risk as the risk that, at any time, the Group will not be able to meet its financial obligations as they come due. The Group views available cash balances and funds from operating activities as its primary sources of liquidity, complemented with access to external sources of funds when deemed to be required. As of December 31, 2022, the Group's liquidity position primarily consisted of CHF 125.9 million of cash and cash equivalents. Based on the current operating performance and liquidity position, the Group believes that its liquidity position will be sufficient for working capital, capital expenditures, interest payments, dividends and scheduled debt repayments for the next twelve months.

As a key principle of its financial management, Comet monitors and maintains sufficient liquid assets and access to credit lines to assure access to liquidity at all times. Liquidity planning and funding are managed centrally for the whole Group. Comet manages short-term liquidity based on projected cash flows. A rolling three-month cash flow forecast is prepared monthly, based on a decentralized bottom-up approach. The long-term financing of subsidiaries is normally arranged through intercompany loans issued by Comet Holding AG. Furthermore, the Group's credit quality is safeguarded by monitoring the debt-equity ratio.

Following is an overview of all contractual payment obligations as at the balance sheet date, on an undiscounted basis. Amounts in foreign currency have been translated using the reporting date closing rate.

Fiscal year 2022

In thousands of CHF

	Note	Carrying amount	Payments due by period			
			Total	2023	2024 – 2026	After 2026
Debt	20	59,669	62,578	780	61,798	—
Lease liabilities	17	38,197	44,736	4,205	17,452	23,079
Financial liabilities	21	39,902	39,902	39,902	—	—
Other financial liabilities	13	11	11	11	—	—
Total		137,779	147,227	44,898	79,250	23,079

Fiscal year 2021

In thousands of CHF

	Note	Carrying amount	Payments due by period			
			Total	2022	2023 – 2026	After 2026
Debt	20	59,571	63,358	780	62,578	—
Lease liabilities	17	19,840	21,766	4,278	8,933	8,554
Financial liabilities	21	35,116	35,116	35,116	—	—
Other financial liabilities	13	894	894	894	—	—
Total		115,421	121,134	41,068	71,512	8,554

The item “debt” represents the principal amounts of current and non-current debt, including underlying contractual interest payments.

The contract amounts of open derivative positions are presented in note 13.

29 Share-based payments

Main elements of the compensation system

The remuneration of the members of the Executive Committee consists of fixed compensation and a performance-based component. The total compensation takes into account the recipient's position and level of responsibility.

The profit-sharing remuneration of the members of the Executive Committee consists of annually paid compensation under a short-term incentive plan (STIP) and a long-term incentive plan (LTIP). Two-thirds of the compensation under the STIP is paid in cash and one-third of it is paid in stock. The compensation under the LTIP is paid only in stock. The total variable compensation (STIP and LTIP combined) is capped by an upper limit. The profit-sharing compensation of employees who are not members of the Executive Committee is paid only in cash.

Share-based compensation of the members of the Board of Directors

To ensure the independence of the Board of Directors in its supervision of the Executive Committee, the Board members receive only a fixed retainer, of which 60% is paid in cash (however, until the 2022 Annual Shareholder Meeting, the portion paid in cash was two-thirds) and 40% is paid in stock (however, until the 2022 Annual Shareholder Meeting, the portion paid in stock was one-third). The stock awarded is subject to a holding period of three years during which it cannot be sold.

Share-based compensation of the members of the Executive Committee

In addition to the fixed compensation, the members of the Executive Committee can earn a performance-related, STIP pay component, of which one-third is paid in stock. The remaining balance of the STIP amount is paid in cash. Additionally, further stock compensation can be granted, under the LTIP. The stock transferred under the STIP is subject to a holding period of three years from the date of the award. Stock transferred under the LTIP does not have a holding period.

Calculation of grant price for share awards

The grant price, at which the stock is awarded and transferred to recipients, is the average closing market price of the stock in the period between (and excluding) the date of the annual results press conference and the date of the Annual Shareholder Meeting.

Expenses recorded

The expense recognized for share-based payments to the Executive Committee and Board of Directors in the year under review was CHF 1.3 million (prior year: CHF 1.3 million). The amount included CHF 0.4 million granted to the Board of Directors.

30 Compensation of the Board of Directors and Executive Committee

The expense for compensation of the members of the Executive Committee and Board of Directors can be analyzed as follows:

in thousands of CHF	2022	2021
Cash compensation, including short-term employee benefits	5,436	4,631
Contributions to post-employment benefit arrangements	384	311
Expense for share-based payments	1,324	1,258
Total compensation	7,144	6,200

31 Related party transactions

All related party transactions are listed in the table below:

In thousands of CHF	Sales to related parties		Purchases from related parties		Amounts owed by related parties		Amounts owed to related parties	
	2022	2021	2022	2021	2022	2021	2022	2021
Entity with significant influence over the Group								
Variosystems Holding AG, Steinach	7	1	1,844	970	—	—	—	—
Band Cooperative, Bern	9	—	1,565	—	—	—	—	—
Fraunhofer Alumni eV, Germany	162	—	2	—	—	—	—	—
Others	15	—	47	49	—	—	—	—
Total	193	1	3,458	1,019	—	—	—	—
Key management personnel of the Group								
Other directors' interests	—	2	62	7	—	—	—	—
Total	—	2	62	7	—	—	—	—

32	Events after the balance sheet date	There have been no events after the balance sheet date with a material effect on the amounts in the consolidated financial statements.
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33	Proposed distribution to shareholders	The Board of Directors will propose at the 2023 Annual Shareholder Meeting to pay a dividend of CHF 3.70 per share in relation to fiscal year 2022, from retained earnings. In relation to the prior year, Comet paid a dividend of CHF 3.50 per share from retained earnings. The total amount of the proposed dividend in relation to fiscal year 2022 is CHF 28.8 million (prior year: CHF 27.2 million).
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34	Release of the consolidated financial statements for publication	On February 28, 2023, the Board of Directors released these financial statements for publication. The Board will present the financial statements to the Annual Shareholder Meeting on April 14, 2023 for approval.
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Ernst & Young Ltd
Schanzenstrasse 4a
P.O. Box
CH-3001 Berne

Phone: +41 58 286 61 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
Comet Holding Ltd., Flamatt

Berne, 28 February 2023

Report of the statutory auditor

Report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of Comet Holding Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 66 to 113) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the “Auditor's responsibilities for the audit of the consolidated financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of goodwill and other intangible assets with indefinite useful lives

Risk	<p>Management reviews the carrying amount of its cash generating units annually or more frequently if any impairment indicators are present with respect to goodwill and other intangible assets with indefinite useful lives. The impairment assessment involves performing a comparison of the estimated recoverable amount (fair value or higher net present value of each cash-generating unit) with its carrying amount.</p> <p>These annual impairment tests were significant to our audit because the balances for goodwill and other intangible assets with indefinite useful lives of CHF 30.4 million as of 31 December 2022 are material to the financial statements. Furthermore, the underlying estimations to the impairment assessment are complex and any impairment of goodwill and other intangible assets with indefinite useful lives can have a material impact on consolidated net income. The valuation also depends on assumptions regarding the future development of the business and on judgments made by management.</p> <p>The impairment tests are complex and described in Note 19. The recoverable amount calculated using the discounted cash flow analysis is based on various assumptions such as future cash flows, terminal value growth rates, inflation rate and discount rate (WACC) of each cash-generating unit. These assumptions are determined by management and are therefore considered to be material judgments.</p>
Our audit response	<p>We assessed the assumptions made in the impairment tests and discussed them with management. We involved our own valuation specialists. We compared the terminal value growth rate as well as the inflation rate with externally available data and checked the clerical accuracy of the model. In addition, we evaluated the estimates made by management in previous years in terms of the actual income generated, as well as assessed management's process for identifying possible impairments. Moreover, we evaluated the disclosures regarding impairment testing on goodwill and other intangible assets with indefinite useful lives with regard to the assumptions made.</p> <p>Our audit procedures did not lead to any reservations concerning the valuation of goodwill and other intangible assets with indefinite useful lives.</p>



3



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.



4

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

MARTIN MATTES
Licensed audit expert
(Auditor in charge)

CRISTINA ZIMMERMANN
Licensed audit expert

Financial metrics

Alternative performance measures

Comet uses key indicators defined in the International Financial Reporting Standards (IFRS) in its entire financial reporting, as well as selected alternative performance measures (APMs). These APMs provide useful information on the Group's financial situation and are used for financial management and controllership purposes. As these measures are not defined under IFRS, their definition and calculation may differ from those used by other companies. It should be noted that comparability across companies may therefore be limited.

The key alternative performance measures used in the reporting on fiscal year 2022 are defined as follows:

Key performance measures	Comet definitions
Gross profit, gross profit margin	Gross profit is calculated as net sales less cost of sales. Gross profit margin represents gross profit as a percentage of net sales.
Earnings before interest, taxes, depreciation and amortization (EBITDA) EBITDA margin	Operating income as per consolidated statement of income before depreciation on property, plant and equipment & right-of-use assets, amortization of intangible assets and impairment losses. EBITDA as a percentage of net sales.
Net debt Debt factor	Interest-bearing debt (such as current and non-current debt and lease liabilities) less cash and cash equivalents. Net debt divided by EBITDA.
Equity ratio	Total equity attributable to the shareholders of Comet Holding AG divided by total assets.
Free cash flow (FCF)	Sum of net cash flows from operating and investing activities.
Return on capital employed (ROCE)	ROCE is the ratio of operating income less income tax (NOPAT) to total capital employed. Capital employed is defined as net working capital (aggregated amount of net trade receivables, inventories, trade payables, sales commissions and contract liabilities) plus non-current assets employed (aggregated amount of property, plant and equipment, right-of-use assets and intangible assets).

Calculation of net debt and of debt factor

In thousands of CHF	December 31, 2022	December 31, 2021
Current debt and lease liabilities	3,955	3,949
+ Non-current debt and lease liabilities	93,911	75,462
./. Cash and cash equivalents	125,945	115,533
Net debt	(28,079)	(36,122)
EBITDA	118,913	102,749
Debt factor	(0.2)	(0.4)

Calculation of free cash flow

In thousands of CHF	December 31, 2022	December 31, 2021
Net cash provided by operating activities	64,407	70,489
Net cash (used in) investing activities	(22,234)	(12,722)
Free cash flow	42,173	57,767

Calculation of return on capital employed

In thousands of CHF	December 31, 2022	December 31, 2021
Trade receivables, net	78,297	65,057
Inventories	122,468	99,268
Trade payables	(31,191)	(26,095)
Sales commissions	(2,809)	(3,593)
Contract liabilities ¹	(16,609)	(27,086)
Net working capital (NWC)	150,156	107,551
Property, plant and equipment	119,968	111,703
Right-of-use assets	32,401	18,791
Intangible assets	38,904	41,027
Non-current assets employed	191,273	171,521
Total capital employed	341,429	279,072
Average capital employed²	310,251	262,808
Operating income	98,975	84,085
./. Income tax	(17,259)	(14,771)
Net operating profit after tax (NOPAT)	81,716	69,314
NOPAT	81,716	69,314
Capital employed	310,251	262,808
Return on capital employed (ROCE)¹	26.3%	26.4%

¹ In the year under review and in the prior year, the IXS division's prepayments from customers in "contract liabilities" were netted with already invoiced contract assets in "trade and other receivables".

² Return on capital employed (ROCE) is calculated using the average capital employed, based on the beginning and ending balance of capital employed in the period.

Separate Financial Statements of Comet Holding AG

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Statement of income

In thousands of CHF	2022	%	2021	%
Dividend income	33,425		17,374	
Other financing income	1,740		1,781	
Total income	35,165	100.0%	19,155	100.0%
Financing expenses	(2,162)		(1,081)	
Other operating expenses	(2,856)		(2,343)	
Total expenses	(5,019)	- 14.3%	(3,423)	- 17.9%
Net income for the year	30,147	85.7%	15,732	82.1%

Balance sheet

In thousands of CHF	Note	Dec. 31, 2022	%	Dec. 31, 2021	%
Assets					
Cash and cash equivalents		4,150		846	
Other current receivables from subsidiaries		325		196	
Prepaid expenses		363		490	
Total current assets		4,837	2.3%	1,532	0.7%
Non-current financial assets – loans	3	118,162		117,240	
Investments in subsidiaries	2	86,632		86,632	
Total non-current assets		204,794	97.7%	203,873	99.3%
Total assets		209,632	100.0%	205,405	100.0%
Liabilities and shareholders' equity					
Other current liabilities to non-Group entities		80		113	
Other current liabilities to shareholders and governing bodies		237		132	
Accrued expenses		1,190		1,088	
Non-current interest-bearing liabilities	8	60,000		60,000	
Total liabilities		61,508	29.3%	61,333	29.9%
Capital stock	5	7,774		7,770	
Statutory capital reserve		3,005		1,918	
Statutory earnings reserve		4,967		4,967	
Retained earnings brought forward		102,232		113,685	
Net income for the year		30,147		15,732	
Total retained earnings		132,379		129,417	
Total shareholders' equity		148,124	70.7%	144,072	70.1%
Total liabilities and shareholders' equity		209,632	100.0%	205,405	100.0%

Statement of changes in equity

In thousands of CHF	Capital stock	Capital reserve	General legal reserve	Retained earnings	Total shareholders' equity
December 31, 2019	7,764	1,093	4,967	118,999	132,823
Net income	–	–	–	12,522	12,522
Dividend payment to shareholders of Comet Holding AG	–	–	–	(7,764)	(7,764)
Increase in capital stock	4	447	–	–	450
December 31, 2020	7,768	1,540	4,967	123,757	138,031
Net income	–	–	–	15,732	15,732
Dividend payment to shareholders of Comet Holding AG	–	–	–	(10,098)	(10,098)
Increase in capital stock	2	405	–	–	407
Alignment of capital reserve ¹	–	(27)	–	27	–
December 31, 2021	7,770	1,918	4,967	129,417	144,072
Net income	–	–	–	30,147	30,147
Dividend payment to shareholders of Comet Holding AG	–	–	–	(27,193)	(27,193)
Increase in capital stock	4	1,095	–	–	1,099
Alignment of capital reserve ¹	–	(8)	–	8	–
December 31, 2022	7,774	3,005	4,967	132,379	148,124

¹ In the fiscal year under review and in the prior year, the amount of the capital reserve reported in these financial statements was aligned to the amount of the capital reserve reported to the tax authorities.

Notes to the separate financial statements of Comet Holding AG

General information

Comet Holding AG has its registered office in Flamatt, Switzerland and is the Comet Group's parent holding company listed on the Swiss stock exchange. The separate financial statements of Comet Holding AG at and for the year ended December 31, 2022 comply with the provisions of the Swiss Code of Obligations. The manner of the inclusion of Comet Holding AG in the consolidated accounts is governed by the measurement principles set out in the notes to the consolidated financial statements.

01 Accounting principles

These separate financial statements were prepared in accordance with the principles of the applicable Swiss Accounting Law (title 32 of the Swiss Code of Obligations).

Receivables and loans

Receivables and loans are stated at nominal amounts less any necessary write-downs.

Investments in subsidiaries

Investments in subsidiaries are recognized at historical cost less necessary impairment charges, and are individually tested annually for impairment.

02 Investments in subsidiaries

Comet Holding AG directly held the following companies at December 31, 2022:

Company	Registered office	Currency	Capital stock	Equity interest in % ¹	
				2022	2021
Comet AG	Flamatt, Switzerland	CHF	2,000,000	100%	100%
Comet Electronics (Shanghai) Co. Ltd.	Shanghai, China	CNY	5,466,148	100%	100%
Comet Mechanical Equipment (Shanghai) Co. Ltd.	Shanghai, China	CNY	1,655,420	100%	100%
Comet Technologies USA, Inc.	Shelton, CT, USA	USD	1,000	100%	100%
Comet Technologies Korea Co. Ltd.	Suwon, Korea	KRW	500,000,000	100%	100%
Comet Yxlon GmbH ²	Hamburg, Germany	EUR	110,000	100%	100%
Comet Technologies Denmark A/S	Taastrup, Denmark	DKK	601,000	100%	100%
Comet Technologies Japan KK	Yokohama, Japan	JPY	10,000,000	100%	100%
Yxlon (Beijing) X-Ray Equipment Trading Co. Ltd.	Beijing, China	CNY	1,077,000	100%	100%
Comet Technologies Malaysia Sdn. Bhd.	Penang, Malaysia	MYR	3,000,000	100%	100%
Object Research Systems (ORS) Inc.	Montreal, Canada	CAD	15,001,000	100%	100%
Comet Solutions Taiwan Ltd.	Hsinchu County, Taiwan	TWD	5,000,000	100%	100%

¹ Comet Holding AG also holds 100% of the voting rights in all companies.

² The company was renamed "Comet Yxlon GmbH" from "Yxlon International GmbH".

**03 Non-current financial assets
– loans**

Loans to subsidiaries were as follows:

In thousands of CHF	2022	2021
Comet AG	81,903	95,133
Comet Technologies USA, Inc.	—	1,566
Comet Yxlon GmbH	20,688	10,943
Comet Technologies Denmark A/S	3,014	2,225
Comet Technologies Japan KK	1,753	—
Comet Technologies Malaysia Sdn. Bhd.	9,140	7,193
Object Research Systems (ORS) Inc.	1,664	—
Comet Solutions Taiwan Ltd.	—	180
Total loans to subsidiaries	118,162	117,240

04 Listing and shareholders

Comet Holding AG (the "Company") is the Group's only company listed on a stock exchange. The Company's registered office is in Flamatt, Switzerland. The registered shares of Comet Holding AG have been listed in the main market segment of the SIX Swiss Exchange in Zurich since December 17, 2002.

Ticker symbol	COTN
Swiss security number	36082699
ISIN	CH0360826991
Closing price at December 31, 2022	CHF 195.80
Market capitalization at December 31, 2022	CHF 1,522 million

Assorted financial metrics on the stock of Comet Holding AG are provided in the section "Information for investors" in this annual report.

Listed and non-listed Group companies

Comet Holding AG has no publicly traded subsidiaries. The companies consolidated in the Group are presented in note 2, "Investments in subsidiaries".

Registered shareholders

At December 31, 2022, Comet Holding AG had 7,053 voting shareholders of record (i.e., voting shareholders registered in the share register; prior year: 6,206). Of the total issued registered stock, 100% (prior year: 100%) represented free float. Comet Holding AG held no treasury stock at December 31, 2022 (prior year: nil). The structure of share ownership size classes among the shareholders of record at December 31, 2022 was as follows:

Number of shares	Number of shareholders
1 to 1,000	6,634
1,001 to 10,000	359
10,001 to 50,000	46
50,001 to 100,000	9
More than 100,000	5

This analysis includes only the stock of shareholders who were registered in the share register. At December 31, 2022 the shares of unregistered owners amounted to 40% of the total (prior year: 46%).

Significant shareholders

Ownership interests in companies domiciled in Switzerland whose shares are listed at least partly in Switzerland must be notified both to the issuer company and to the SIX Swiss Exchange when the holder's voting rights reach, increase above or fall below certain thresholds. These notification thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 33 ⅓%, 50% and 66 ⅔% of voting rights. The relevant details are set out in the Financial Market Infrastructure Act (FinMIA) and in the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading (the FINMA Stock Exchange Ordinance).

At December 31, 2022 the Company, according to disclosure notifications, had the following significant shareholders (defined for this purpose as shareholders with voting rights of 3% or more of the Comet capital stock recorded in the Swiss commercial register of companies):

Beneficial owner	Direct shareholder	Share of voting rights as disclosed by shareholders
Pictet Asset Management SA (Direction de Fonds)		5.27%
UBS Fund Management (Switzerland AG)		5.23%
Credit Suisse Funds AG		3.22%
Ruth Wertheimer	7-Industries Holding B.V.	3.13%

The Company has not been notified of any other shareholders that held 3% or more of its shares. To the best of the Company's knowledge, there were no voting pool agreements.

Reportable changes during fiscal year 2022

In the fiscal year, 43 reportable announcements were published. For a complete list of all announcements under section 125 FinMIA, refer to the publication platform of the disclosure section of the SIX Swiss Exchange: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Cross-shareholdings

There were no cross-shareholdings with other publicly traded companies.

05 Equity capital structure

Capital stock

The capital stock at January 1, 2022 was CHF 7,769,534, divided into 7,769,534 registered shares with a par value (nominal value) of CHF 1.00 per share.

In fiscal year 2022 the capital stock was increased by 4,432 shares from the portion of authorized capital designated for equity-based compensation. Including the increase of 4,432 shares from this portion of authorized capital, Comet Holding AG at December 31, 2022 thus had a new total of CHF 7,773,966 of capital stock, divided into 7,773,966 registered shares with a par value of CHF 1.00 per share. The capital stock is fully paid in.

At its meeting on June 10, 2022 the Board of Directors established that the capital increase from authorized capital for equity-based compensation was properly performed. The information in the commercial register, and the Articles of Association of Comet Holding AG, were updated to reflect the change in capital stock.

	2022		2021	
	Number of shares	Par value in CHF	Number of shares	Par value in CHF
January 1	7,769,534	7,769,534	7,767,887	7,767,887
Increase in capital from the portion of authorized capital designated for equity compensation	4,432	4,432	1,647	1,647
December 31	7,773,966	7,773,966	7,769,534	7,769,534

At the balance sheet date, Comet Holding AG held no treasury stock (prior year: nil).

Authorized capital for equity compensation

Under article 3b of its Articles of Association, a portion of the Company's unissued authorized capital is designated for use only as equity-based compensation (in German this portion is known as "bedingtes Aktienkapital"). In such a capital increase, stock is issued to Executive Committee members and/or Board members of Comet Holding AG. With respect to this portion of authorized capital, the other shareholders' pre-emptive rights are excluded. The issuance of stock or stock subscription rights is based on a compensation plan (in the form of a written regulation) adopted by the Board of Directors.

In May 2022, in accordance with the compensation plan, the members of the Board of Directors were granted a total of 500 shares of stock in payment of CHF 131,930 of fixed retainers due for fiscal year 2021. In addition, as part of their compensation for 2022, the members of the Board of Directors were granted a total of 250 shares in payment of CHF 65,965 of fixed retainers due for the period from January 1, 2022 to the 2022 Annual Shareholder Meeting. The fully paid shares were applied to the retainers due at a price of CHF 263.86 per share.

Members of the Executive Committee were granted a total of 3,682 shares in payment of CHF 973,557 of profit-sharing compensation due for fiscal year 2021. The fully paid shares were applied to the compensation due at a price of CHF 263.86 per share.

As a result of these grants of a total of 4,432 shares made in 2022, the Company's unissued authorized capital for equity-based compensation showed the following movement:

	2022		2021	
	Number of shares	Par value in CHF	Number of shares	Par value in CHF
January 1	193,586	193,586	195,233	195,233
Increase in capital (awards to Board of Directors for prior term's retainer and to Executive Committee for prior year's profit-sharing compensation)	(4,432)	(4,432)	(1,647)	(1,647)
December 31	189,154	189,154	193,586	193,586

At the end of the year, the remaining unissued authorized capital for equity-based compensation was CHF 189,154, or 2.4% of the existing capital stock.

06 Disclosure of shareholdings of the Board of Directors and Executive Committee

The ownership interests in Comet Holding AG held by members of the Board of Directors and Executive Committee are disclosed below. This disclosure includes all persons who held positions on the Board of Directors or Executive Committee for all or part of the year under review, regardless of whether they still did so at the balance sheet date. The shareholdings shown include those of respective related parties.

Total number of shares		Of which: number of shares subject to holding periods ending on			Freely disposable	Share of voting rights	
2022	2021	4/24/2023	4/23/2024	4/15/2025		2021	2021
Heinz Kundert Chair of the Board	4,755	4,505	656	285	250	3,564	0.1%
Mariel Hoch Vice Chair of the Board (since April 22, 2021)	1,469	1,344	328	142	125	874	0.0%
Gian-Luca Bona Member of the Board	6,119	5,994	328	142	125	5,524	0.1%
Patrick Jany Member of the Board	2,980	2,855	328	142	125	2,385	0.0%
Tosja Zywietz Member of the Board (since April 22, 2021)	125	–	–	–	125	–	0.0%
Edeltraud Leibrock Member of the Board (since April 14, 2022)	–	–	–	–	–	–	0.0%
Kevin Crofton Chief Executive Officer (until August 31, 2022)	10,841	9,168	–	165	1,506	9,170	0.1%
Stephan Haferl Chief Executive Officer (since September 1, 2022) President of X-Ray Modules division (until August 31, 2022)	921	488	99	118	359	345	0.0%
Lisa Pataki Chief Financial Officer	519	36	–	36	436	47	0.0%
Michael Kammerer President of Plasma Control Technologies division	677	377	116	139	422	–	0.0%
Keighley Peters Chief Information Officer	408	1	–	1	370	37	0.0%
Michael Berger President of X-Ray Modules division (since September 1, 2022)	–	–	–	–	–	–	0.0%
Dionys Van de Ven President of X-Ray Systems division (since July 1, 2022)	–	–	–	–	–	–	0.0%

Each 10,000 registered shares of Comet Holding AG, of a par value of CHF 1.00 per share, represented 0.1286% of all voting power (prior year: 0.1287%). The members of the Board of Directors and Executive Committee held an aggregate total of 0.4% of voting rights (prior year: 0.3%). No material changes in ownership interests arose after the balance sheet date of December 31, 2022.

07	Options and conversion rights	Comet Holding AG has not issued any conversion rights or stock options.
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08	Bond	The bond maturing on April 20, 2021 was repaid and replaced with a new bond issued by Comet Holding AG on April 20, 2021 in the amount of CHF 60 million. The bond was issued at par. The term of the bond is five years and it matures on April 20, 2026. The fixed coupon rate over the term is 1.30%, payable annually on April 20. The bond is listed on the SIX Swiss Exchange (Swiss security number 110 109 656, ticker symbol COT21).
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09	Guarantees and pledged assets	The Group is taxed as a single entity for purposes of value-added taxation, and Comet Holding AG therefore has joint and several liability for the value-added tax obligations of its Swiss subsidiary.
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10	Number of full-time equivalents	The number of employees of Comet Holding AG in 2022 and 2021 in terms of the annual average number of full-time equivalents was less than ten.
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11	Events after the balance sheet date	There have been no events after the balance sheet date with a material effect on the amounts in the financial statements.
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12	Release of the separate financial statements for publication	The Board of Directors released these annual financial statements on February 28, 2023 for publication and will present them to shareholders for approval at the Annual Shareholder Meeting on April 14, 2023.
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Board of Directors' proposal for the appropriation of retained earnings**01 Retained earnings in 2022**

In thousands of CHF	2022
Earnings brought forward	102,232
Net income for the year	30,147
Retained earnings available for distribution	132,379

02 Proposal for the appropriation of retained earnings

At the Annual Shareholder Meeting the Board of Directors will propose to pay a dividend of CHF 3.70 per share from retained earnings.

Provided this dividend is approved, it will result in the following movement in retained earnings:

In thousands of CHF	2022
Retained earnings at December 31, 2022	132,379
Dividend payment of CHF 3.70 per share	(28,764)
Retained earnings carried forward	103,615

Provided the proposal is approved, the dividend of CHF 3.70 per entitled share, less 35% withholding tax, will be paid on April 20, 2023.



Ernst & Young Ltd
Schanzenstrasse 4a
P.O. Box
CH-3001 Berne

Phone: +41 58 286 61 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
Comet Holding Ltd., Flamatt

Berne, 28 February 2023

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of Comet Holding Ltd. (the Company), which comprise the balance sheet as at 31 December 2022 and the statement of income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 121 to 130) comply with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.



2

Valuation of investments and loans

Risk	The company holds as parent of the group investments in various subsidiaries. Furthermore, the parent company uses intragroup loans to fund a number of subsidiaries. Investments and loans amount to approx. 41% resp. 56% of total assets and are therefore material. By definition, these amounts recognized on the balance sheet are subject to an impairment risk. When there are indications of a possible impairment, management prepares the required calculations and, if applicable, records an allowance. The calculations are based in part on simplified principles, especially when management considers the risk of an impairment to be low.
Our audit response	We reviewed the calculations performed by management, which were based on statutory financial statements or assessments in connection with the consolidated financial statements. For more complex cases, we involved our valuation specialists in checking particularly the plausibility of the discount rates used. Our audit procedures did not lead to any reservations concerning the valuation of investments and loans.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



3

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

MARTIN MATTES
Licensed audit expert
(Auditor in charge)

CRISTINA ZIMMERMANN
Licensed audit expert