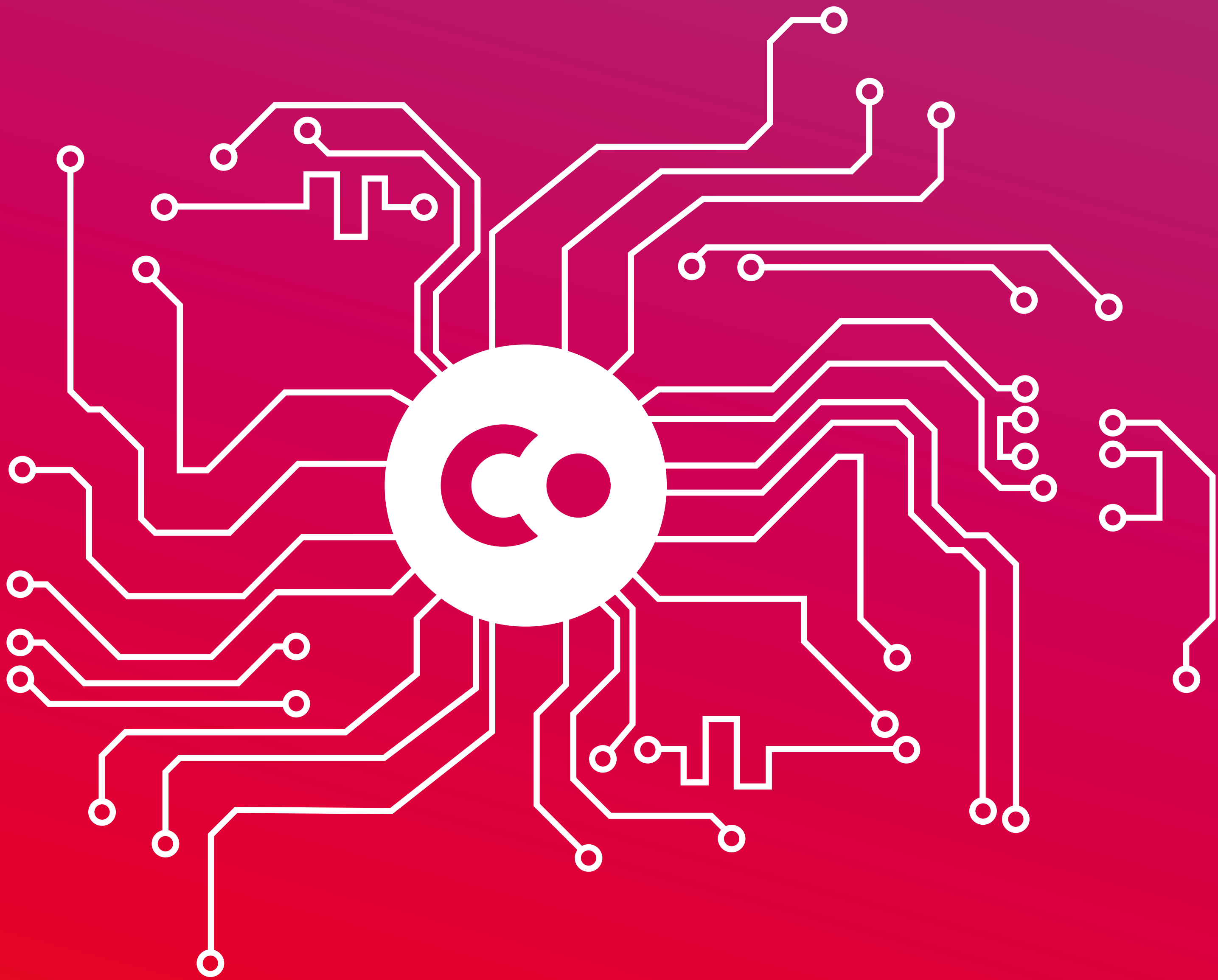
Led by experience. Driven by curiosity.

In the sweet spot of digitalization.

Comet Holding AG
Annual Report
2023



comet

As a leading technology company in the plasma control and x-ray space, we are part of the digital transformation. In all our markets, this megatrend is powering sustained growth. Focused and flexibly positioned, we want to take advantage of this driving force and grow more quickly than the market in a sustainable way. Our strong underpinnings for this are our experience and our highly skilled employees, the confidence of our customers and our sound capital base.

Contents

Statement of the Chairman and the CEO

We look to the future with confidence.

2023 was a very difficult and eventful year economically, and Comet was not immune to these conditions. Above all, the company was affected by the correction in the semiconductor cycle. Due to oversupply and lower demand, the entire semiconductor supply chain suffered from declining orders and sales in 2023. In the fourth quarter, the situation then recovered slightly at a low absolute level, both in the semiconductor/electronics market and in the traditional markets for x-ray technology. This indicates that these markets will resume their growth again in 2024. Despite the cyclical decline in sales, Comet achieved a good EBITDA result under the circumstances.

The strategy that we formulated in 2019 and have regularly adapted to changing needs was consistently continued in 2023. With our two technologies, RF power and x-ray, we focus on attractive markets, especially the semiconductor space with its high long-term growth. In the long run, this market will continue to expand due to the advancing digitalization and electrification of the economy and society. Especially artificial intelligence, the data centers it requires, and electrified vehicles will require ever more, and more powerful, semiconductors. The semiconductor market is expected to reach one trillion US dollars in size by 2030. The x-ray business will also benefit from this, as advanced chip technologies will be dependent on x-ray inspection due to their very high quality requirements. Our aim is to further increase our market share through new technologies and products. Our close collaboration with key customers makes us very optimistic that we will succeed.

Despite the imponderable factors in the environment, we are certain that the next upturn in the semiconductor cycle is coming. Although the correction forced us to reduce our costs and make some painful cuts, we continued in 2023 to invest in the future: We worked even harder on Comet's positioning as a technology leader, which is critical to our success. With the purchase of land in Penang, Malaysia, where we plan to build another production plant, we have set the stage for future growth and are further strengthening our global presence. Also in 2023, we successfully integrated the acquired Canadian company Object Research Systems (ORS) into the Comet X-Ray Systems division. At the same time, we enlarged and refreshed our management team and prepared it for the next growth surge.

"We consistently pursued our strategy, knowing that the semiconductor market will continue to grow in the long term."

Heinz Kundert
Chairman of the Board of Directors

Correction in the semiconductor cycle clearly visible in 2023 financial results

With the strong downturn in the semiconductor market, 2023 brought a significant decline in our sales. Comet's largest division, Plasma Control Technologies, which is almost completely focused on the semiconductor market, was hit hardest by the correction. In the X-Ray Systems division, the strategic realignment did not yet translate into an upside impact on results. However, the division increased its profitability despite a further sales decline and high ongoing investment in its realignment. Gratifying results were delivered by the X-Ray Modules division, as the many years of investment in its product development for new market segments are now paying dividends. This is an effect that, with a time lag, we also expect to see in the X-Ray Systems division.

Material progress at the technology and product levels

We made great strides in 2023 both in technologies and products – first and foremost, in the commercialization of Synertia®, the RF power delivery platform, where we achieved several design wins in the year under review. We also marked a further milestone in the realignment of the X-Ray Systems division – with the market launch of the first x-ray system designed purely for semiconductors, the CA20, at the end of 2023. In addition to many other new products, the X-Ray Modules division successfully established its MesoFocus x-ray modules for battery inspection in the market. And with its new NanoFocus modules, it took major steps toward the semiconductor market.

Artificial intelligence is integral to the Comet business model

Artificial intelligence forms an integral part of our business model. This is true in two ways: First, AI is a huge growth driver for Comet. The semiconductor components used in the development of AI technologies represent the state of the art. Our contributions in this area make the realization of these highly advanced technologies possible in the first place. AI is increasingly finding its way into every area of people's lives and is leading to far-reaching societal changes – and we are proud to be part of this transformation with our technologies. The second way in which AI is integral to our company is that it is revolutionizing the way we work at Comet, as we continuously integrate AI-based tools into our work processes. And last but not least, we are also integrating AI into our products.

Transition to renewable energy is a focus of our ESG agenda

Responsible management and behavior have always been a priority for Comet and are therefore not really new. However, sustainability is not only relevant for us as a company but for society at large. Each one of us shares responsibility for it. At a strategic level, we are currently focusing on various initiatives to transition to renewable energy in the manufacture of our products and to improve their energy efficiency.

“We have brought to market new products and further improved our ability to take advantage of the next growth spurt in the semiconductor market.”

Stephan Haferl
CEO of the Comet Group

Yet, thanks to the consistent involvement of our highly motivated employees, the range of our sustainability activities is much wider than a pure focus on climate targets and covers the entire breadth of the ESG agenda.

Comet as an attractive employer in high technology

As with many companies, the shortage of skilled workers is also an issue at Comet. However, Comet is and will remain a very attractive employer. Our world-leading technologies are indispensable to the development of the latest big technologies such as AI. In this enabling role we are partners to the leading companies worldwide. Through our work and technologies, we are helping to shape the dominant technological trends of digitalization and electrification. At Comet, employees can develop their skills in high technology and gain valuable experience abroad thanks to our locations in North America, Europe and Asia. Talent development and succession planning are important parts of our corporate culture. By virtue of all that we offer, we are consistently able to recruit talent in Switzerland and abroad.

75 years exploring for better

In 2023, Comet celebrated its 75th anniversary, under the tag line “Exploring for better”. The world has changed significantly over the past three-quarters of a century, and Comet has changed with it. For us, the anniversary is a reminder not only of our obligation to all our stakeholders, but also of our debt to our long history. Comet’s current opportunities and successes owe as much to the hard work of previous generations as to the efforts of the present one. We therefore consider it essential to look back on the past with humility and respect, while at the same time acting responsibly and with an eye to the future and developing our technologies in such a way that they contribute to sustainable progress and create value.

Medium-term targets adjusted upward and in line with the cycle

In November 2023, Comet adjusted its medium-term targets upward and to a later date. Back in 2019 when we set our medium-term targets for 2025, we had not anticipated the extent of the semiconductor market correction that we have described above. Despite this unexpected challenge, we are very positive about the future. While the recovery is somewhat delayed, the fact that the correction has been a protracted one also means that the upswing will very likely be all the stronger. The lengthy correction has enabled us to create the basis, through new products, for serving new applications and markets in the coming upturn and thus generating additional sales. This strengthens our confidence that we will be able to achieve or even surpass our targets for the next peak in the cycle.

Clear strategic direction for the future

Our strategic goal is clearly defined: We strive for market leadership through technology and product leadership in all process stages that we serve in the semiconductor industry: in the front-end, back-end, and now also in the middle-end of line with our new 3D advanced packaging inspection systems. To achieve this aim, we have invested heavily in the development of our product portfolios and in our customer proximity and market presence. At the same time, our strategic "Boost" initiatives focus on continual efficiency improvements and cultural development in order to sustainably and profitably manage the strong growth spurts in our industry. Having expanded the Executive Committee by adding a Chief Human Resources Officer and Chief Technology Officer, we are better positioned as a management team than ever before; we are ready to respond to external influences and adjust our plans accordingly, but do not see any immediate need for action at the moment. We are confident of the chosen strategic path.

Thank you

Comet is ready for the next upswing, and a great many people have contributed to that. Above all, we warmly thank all our employees, who did an extraordinary job in a very challenging year. We also sincerely thank our customers and suppliers for the trustful collaboration with us. And our gratitude goes to our shareholders, whose confidence supports Comet on its promising journey and who in many cases have been loyal to the company for a long time.

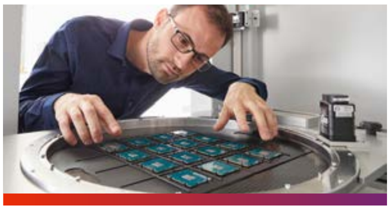
Stories

Highlights of 2023.

News big and small at Comet over the year.

75 years of the spirit of discovery at Comet.

Read more



CA20 – Revolutionizing Advanced Packaging inspection.

Read more

How x-ray technology is transforming plasma control device manufacturing in Flamatt.

Read more

The next generation brings promising fast-forward technologies to the starting line.

Read more

Growing together at our new location in San Jose, CA, USA.

Read more

Just 13 kilograms – a new lightweight portable x-ray system.

Read more

Review of 2023

Comet slowed by semiconductor cycle.

The correction in the semiconductor cycle posed major challenges for Comet in fiscal year 2023. The company was not able to duplicate the record results of the previous year at any level of the income statement. However, by virtue of its sound financial footing, Comet weathered the correction unharmed and is looking ahead with confidence to the expected coming upswing.

"Thanks to a cautious financial policy, we were able to steer Comet safely through a difficult 2023."

Nicola Rotondo
Interim Chief Financial Officer of the Comet Group

The semiconductor cycle began to turn downward in the fourth quarter of the previous year, with its descent accelerating at the beginning of the year under review. After expanding powerfully in the preceding three years, the semiconductor industry's microchip production capacity met with subdued consumer demand in a generally weaker market environment. The downturn was exacerbated by the slow reduction of inventories in the value chain, which had been built up far above normal levels during the upswing of the cycle to cope with faltering supply chains. The prolonged high customer inventories weighed on Comet throughout the fiscal year.

Comet experienced a decline in sales of 32.2% from the prior-year level to CHF 397.5 million. EBITDA operating earnings fell by 62.2% to CHF 45.0 million, while net income decreased by 80.3% to CHF 15.4 million, or CHF 1.98 per share. Free cash flow fell from CHF 42.2 million in the year before to a slight deficit of CHF 0.6 million due to the lower EBITDA. The equity ratio of 62.5% and a debt factor (ratio of net debt to EBITDA) of 0.2 testify to Comet's continuing healthy financial condition.

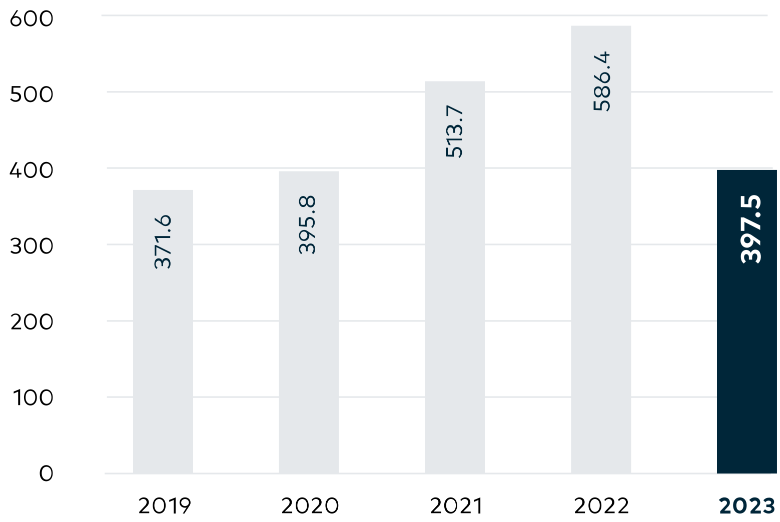
Long-term growth prospects intact, cost base adjusted for the short term

In order to cushion the impact of the correction in the semiconductor cycle on profitability, Comet adjusted its cost base. However, in view of the intact medium- and long-term prospects, the company avoided making deep cuts.

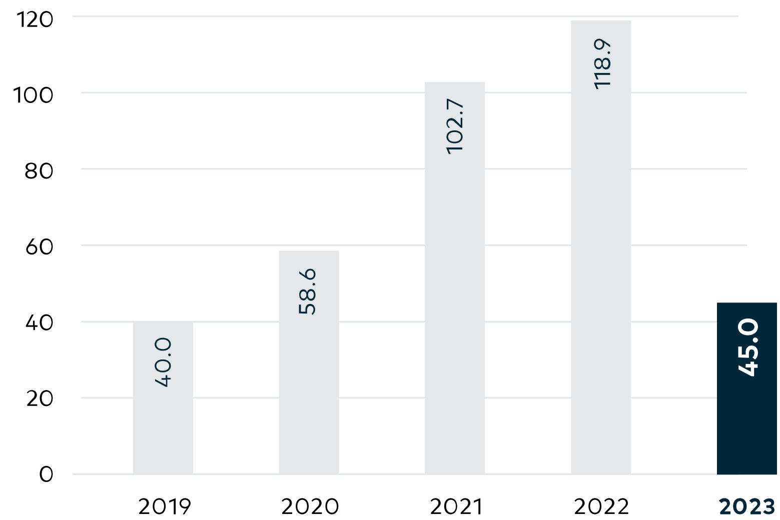
Divisions' shares of Group sales vary widely due to differing market conditions

The Plasma Control Technologies (PCT) division generated the largest share of Group sales, even as PCT's absolute sales slumped by 49.4% to CHF 193.2 million (prior year: CHF 381.4 million). The two x-ray divisions, X-Ray Systems (IXS) and X-Ray Modules (IXM), showed divergent trends: While IXM achieved the highest sales in its history, IXS's revenue was slightly lower than one year earlier. At CHF 117.0 million, sales at IXS were off 10.3% (prior year: CHF 130.4 million). IXM, on the other hand, benefited from the high demand for x-ray tubes and modules newly brought to market, including for the inspection of batteries and additively manufactured parts. Sales of the IXM division grew by 13.1% to CHF 100.3 million (prior year: CHF 88.6 million).

Net sales in CHF million



EBITDA in CHF million



Comet Group key consolidated financial results

In thousands of CHF	2023	2022	2021	2020	2019
Net sales	397,453	586,395	513,721	395,816	371,606
Operating income	24,978	98,975	84,085	39,329	19,939
In % of net sales	6.3%	16.9%	16.4%	9.9%	5.4%
EBITDA	44,996	118,913	102,749	58,616	39,974
In % of net sales	11.3%	20.3%	20.0%	14.8%	10.8%
Net income	15,388	78,109	67,437	27,661	12,027
In % of net sales	3.9%	13.3%	13.1%	7.0%	3.2%
Free cash flow[1]	(584)	42,173	57,767	41,649	30,112
In % of net sales	– 0.1%	7.2%	11.2%	10.5%	13.1%
Total assets	473,578	556,801	482,341	429,271	391,710
Shareholders' equity	296,092	331,532	274,981	214,956	195,948
In % of total assets	62.5%	59.5%	57.0%	50.1%	50.0%
Number of employees (year-end)					
Switzerland	586	647	565	474	494
International	991	1,116	1,006	929	836
Total	1,577	1,763	1,571	1,403	1,330

[1] Net cash provided by operating activities and net cash (used in) investing activities, as per consolidated statement of cash flows.

Decline in sales depresses EBITDA operating earnings

The fall in net sales, driven mainly by the PCT business, had an adverse impact on EBITDA. This measure of operating earnings was CHF 45.0 million in 2023, compared to CHF 118.9 million in the prior year; the EBITDA margin declined from 20.3% to 11.3%. The rapidly introduced cost reductions were not able to fully make up for the weakness in the semiconductor business. In addition, the closure of volume production of matchboxes in San Jose, California, reduced EBITDA in the first half of the year. A slight upward trend in profitability set in at the end of the year under review.

The Group's net income of CHF 15.4 million was 80.3% below the prior year's figure of CHF 78.1 million. Return on capital employed also fell substantially to 6.6% (prior year: 26.3%).

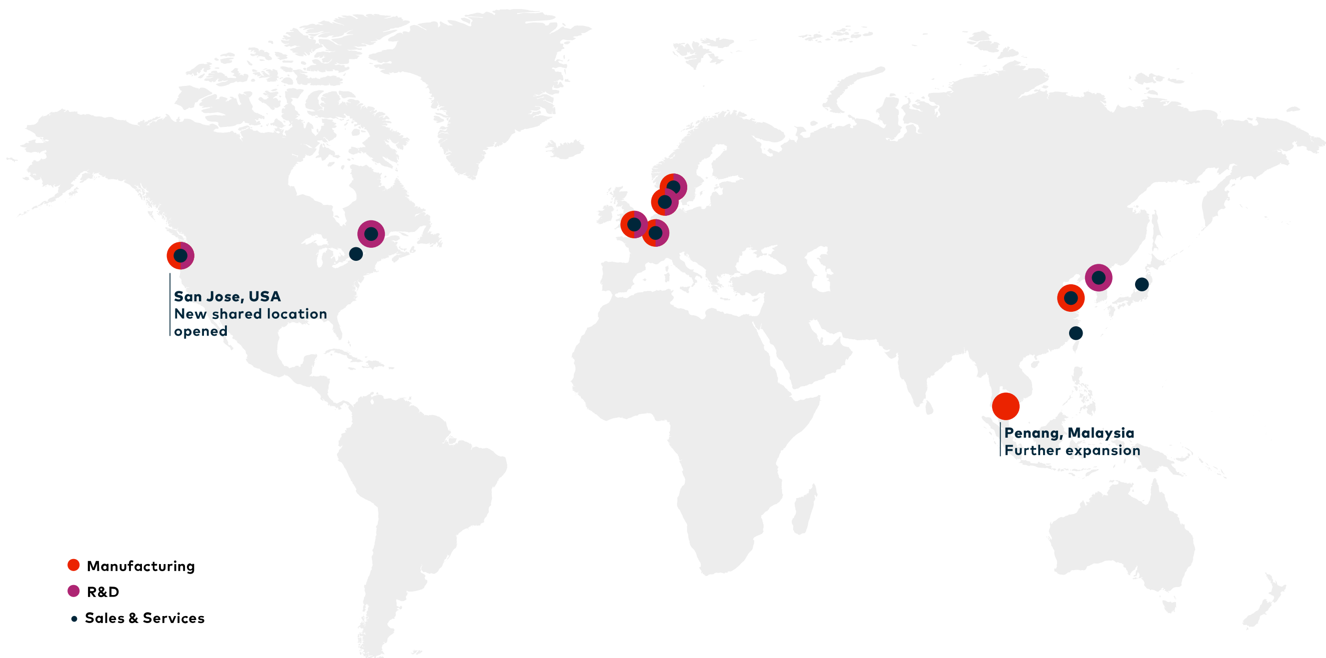
PCT, as the Group's largest division and the one most exposed to the semiconductor downturn, drove the reduction in the Group's EBITDA. The PCT division's EBITDA of CHF 18.7 million was down 82.2% from the prior year. Its EBITDA margin narrowed by 17.8 percentage points to 9.7%. In the X-Ray Systems business (IXS), the realignment of the systems portfolio toward the two growth industries of semiconductors and batteries gathered pace. However, this was not enough to offset the general reluctance to make major investments in the other core markets of automotive and aerospace. EBITDA at IXS reached CHF 4.9 million, versus CHF 1.6 million in the prior year. The EBITDA margin increased from 1.2% to 4.2%. The X-Ray Modules business (IXM) generated EBITDA of CHF 23.8 million, a significant advance from the previous year's CHF 15.7 million. Its EBITDA margin also rose in the year, by 6.1 percentage points to 23.8%, thanks to the market launch of new products and a stabilization in procurement costs.

The slow inventory reduction in the value chain during the correction in the semiconductor business had an unfavorable impact on operating cash flow. This in combination with Comet's lower profits and only slightly reduced capital expenditure meant that free cash flow declined from CHF 42.2 million to a small deficit of CHF 0.6 million.

Significant progress in strategy implementation

Material progress was made in the year along the three dimensions of the Boost strategy program – growth, efficiency and culture.

Product portfolio to drive growth: In 2023 all divisions made significant headway on the market launch of new products and services, as the mainspring of future growth. The Plasma Control Technologies division (PCT) reached a milestone with the first design win for the Synertia® RF generator with a Tier 1 customer in the semiconductor equipment industry. More than 50 other collaborations with existing and potential customers underline the great interest in Synertia®, the innovative RF power delivery platform. It offers customers unique and energy-efficient options for controlling critical plasma processes in real time. In the X-Ray Systems business (the IXS division), Comet launched the CA20, the first inspection system developed specifically for the challenges of complex three-dimensional integrated circuits (3D ICs) in the advanced packaging segment. The X-Ray Modules business (the IXM division) is well positioned to further expand its market share in the rapidly growing semiconductor/electronics and battery markets with the MesoFocus and FYNE (NanoFocus) product families of x-ray modules. To this end, IXM continually invested in the further development of its – already technologically leading – x-ray tubes and modules.



Efficiency gains at every level: As the Group's net income for 2023 shows, Comet was not yet able to maintain profitability at a satisfactory level during a market correction. The decision made in the previous year to shut down the manufacturing of RF matches at the San Jose site was implemented and the production operation was relocated to Penang, Malaysia. This is expected to save costs and raise efficiency. At the same time, the integration of the Canadian subsidiary ORS into the IXS division was successfully completed. The results of the closer interconnection of the two are better collaboration and the optimized use of resources.

Strengthening the role of Penang and thus expanding our presence in cost-competitive regions are not our only ways of transforming Comet into a more resilient, high-performing and scalable organization. In 2023, we took a number of measures to improve the Group's efficiency and profitability: The operation in Penang was expanded and four locations in San Jose were brought together in a single building. In addition, several initiatives were launched to boost operational efficiency in line with the lean manufacturing approach. These measures and the streamlining of the organization to match the lower short-term demand also led to personnel adjustments, particularly in temporary staff, but also among permanent employees.

Comet will undertake additional efforts to achieve a balance between regions, customers, processes, products and suppliers. For example, we are building on our strong position in memory chips by expanding further in logic chips. Comet will continue to hone its efficiency by refining its target operating model (TOM) and driving forward the company's digital transformation.

Comet as an employer of choice: All measures to increase efficiency and profitability require the involvement of our employees. Attracting, keeping and managing talent is as important to Comet's success as any technical aspect. The company is therefore being continuously digitalized and a digital work culture is being created. Fostering our in-house talent, creating a talent pool, and developing employees on the basis of our corporate values is essential. And finally, as a supplier to the rapidly changing semiconductor industry, it is critical to continuously renew learning in order to keep staff up to date with the latest knowledge. Regular online training courses are offered for this purpose, but employees are also developed and trained according to their individual needs. Of course, our support for staff also extends to showing our appreciation. As part of the Comet Group's 75th anniversary celebrations last year, all employees were invited to festivities at the respective locations as a thank-you for their hard work.

A final, key element in the development of the strategy is sustainability. The short- to medium-term targets that Comet has set are geared toward the use of electricity from renewable resources. These targets are just the first steps on the way to a net-zero world by 2050 at the latest, preferably much sooner. With the eco-design project launched in 2023 and the planned commitment to the Science-based Targets initiative (SBTi), Comet is introducing tools to identify and implement further measures to achieve the climate targets. All in all, Comet is well on the way to gradually embedding the sustainability strategy in the overall corporate strategy.

Management team renewed and strengthened at Board and Executive Committee level

Irene Lee and Paul Boudre were proposed to the 2023 Annual Shareholder Meeting for election as new members of the Board of Directors in order to help achieve the company's goals in terms of performance and diversity. With their appointment, Comet's Board has gained two proven experts who are able to play a key role in shaping and driving forward the company's focus on the growth markets in Asia and the United States, as well as on the semiconductor industry.

The Executive Committee was also reinforced with several new members. Joeri Durinckx, a proven manager with long experience in the semiconductor industry, was brought on board as President of the PCT division. The Executive Committee was further strengthened by the appointment of a Chief Technology Officer (CTO) in the person of the former Vice President, Global R&D, of the PCT division, André Grede, and a Chief Human Resources Officer (CHRO), Meike Boekelmann, who brings proven management experience at an international level and a great deal of expertise in HR issues of strategic relevance to Comet. The vacant position of Chief Information Officer (CIO) was filled by bringing in Robert Leindl, a highly experienced executive from the semiconductor industry. The new CTO and CHRO positions and the recruitment of a seasoned CIO reflect the rapidly growing demands on these three functions. On an interim basis, Nicola Rotondo has taken over the responsibilities of Chief Financial Officer from Elisabeth Pataki, who left the company at the end of August 2023. In addition to serving as interim CFO, Nicola Rotondo remains Vice President, Controlling & Accounting. Continuity in the finance function is thus ensured, as well.

Dividend

At the Annual Shareholder Meeting on April 19, 2024, the Board of Directors will propose a dividend of CHF 1.00 per share (prior year: CHF 3.70). This represents a distribution of 50.5% of the Group's net income (prior year: 36.8%).

Plasma Control Technologies

"We have used the correction to increase our resilience and at the same time drive forward the market launch of Synertia®."

Joeri Durinckx
President, Plasma Control Technologies

In 2023, the correction in the semiconductor cycle that began toward the end of 2022 continued at an accelerated pace. High inventories, low demand, overcapacity (particularly in the memory chip segment), and an inflation-induced slowdown in the global economy prompted microchip manufacturers to scale back their investments in semiconductor equipment. As a result, there was less demand for Comet's components and services, with a negative impact on the volume-sensitive business of the Plasma Control Technologies (PCT) division.

To mitigate the impact of the industry correction on earnings, the division's management adapted the organization to the lower demand. This essentially comprised measures such as the reduction of temporary staff, adjustments to working hours, the introduction of short-time working and the shutdown of production for a week at a time. To ensure the company's readiness for the next upturn in the semiconductor cycle, all these measures were implemented with particular care.

Improving its structural positioning, PCT completed the consolidation of its sites in San Jose, California, as planned. The move to a single new building provides employees with an innovative working environment and enables even better collaboration with customers. The plans for the further expansion of the site in Penang, Malaysia, continued to progress. Comet has secured land at this location for a new building that is currently in planning.

Despite the current downturn, the secular trends in the semiconductor industry are intact. Comet's customers, the manufacturers of semiconductor production equipment, will continue their longer-term investments in order to stay technologically competitive and be ready for strong demand in the next upturn. This means that PCT's long-run growth prospects remain robust despite the transition year 2023. The market launch of the Synertia® RF power delivery platform, the important new growth driver, is advancing further. A first design win with a Tier 1 customer and over 50 active collaborations with existing and potential customers are evidence of the keen and broad-based interest that the platform is attracting in the market. The first sales in 2023 and the well-filled pipeline of projects point to the prospect of accelerated market penetration with further gains in market share.

Sales of the PCT division fell by 49.4% to CHF 193.2 million, from CHF 381.4 million in the prior year. The measures taken to adjust the cost structure were not able to fully cushion the impact on profitability. Operating earnings at EBITDA level were 82.2% lower year-over-year at CHF 18.7 million (prior year: CHF 104.9 million). The EBITDA margin was thus 9.7% (prior year: 27.5%).

Key financials of Plasma Control Technologies at a glance

In CHF million	**2023**	2022
Net sales	193.2	381.4
EBITDA	18.7	104.9
EBITDA margin	9.7%	27.5%
Number of employees worldwide	787	998

Sales of Plasma Control Technologies division by market

“With the CA20, a solution developed for the inspection of semiconductors, we are entering new realms.”

Dionys van de Ven
President, X-Ray Systems

X-Ray Systems

The X-Ray Systems division (IXS) was able to implement its turnaround plan despite the general slowdown in economic activity. The declining economic momentum in the face of rising inflation rates and of global conflicts negatively affected the growth of the division’s industry over the course of the year.

Nevertheless, in 2023, IXS received significant orders from well-known electric-car manufacturers for use in the inspection of batteries, as well as orders from semiconductor manufacturers. The realignment of the system portfolio toward these two growth industries is gaining speed.

During the course of the year, IXS released the CA20 inspection solution, taking 3D x-ray technology for the semiconductor advanced packaging industry to a whole new level. Accuracy, reliability, and efficiency in all inspection tasks are ensured by the state-of-the-art design. The CA20 is optimized for semiconductor applications in terms of stability, imaging, precision and maintenance requirements.

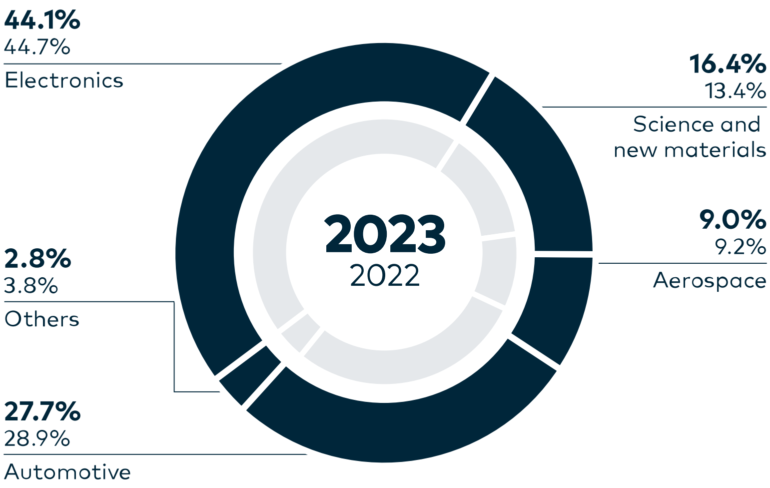
The realignment of the business with a focus on the semiconductor & electronics sector is not yet complete, which is why the less profitable volume business still accounts for a substantial portion of the division’s earnings.

Net sales in the year under review declined by 10.3% to CHF 117.0 million (prior year: CHF 130.4 million), while at the same time, due to lower costs, EBITDA improved by 206.4% to CHF 4.9 million, from CHF 1.6 million in the previous year. The EBITDA margin thus increased from 1.2% to 4.2%.

Key financials of X-Ray Systems at a glance

In CHF million	2023	2022
Net sales	117.0	130.4
EBITDA	4.9	1.6
EBITDA margin	4.2%	1.2%
Number of employees worldwide	463	430

Sales of X-Ray Systems division by market



X-Ray Modules

In 2023 the X-Ray Modules division achieved the highest sales in its history, in a favorable market environment that, however, weakened slightly toward the end of the year. In addition to benefiting from positive market conditions, IXM was able to process a backlog of orders that had been delayed by bottlenecks in the supply chain. The enthusiastic market acceptance of the new x-ray tubes and modules also contributed to the record sales. The share of sales from new products was successfully increased compared to the previous year and now accounted for more than 50% of sales growth. The division thus reaped the rewards of its investments.

MesoFocus, a unique technology developed by IXM, was recognized with the Innovation Award of the canton of Fribourg. The MesoFocus series stands out for its performance in the in-line inspection of battery cells, modules and packs, the examination of additively manufactured components for the aerospace and automotive industries, as well as in-line scrutiny of dense materials and detection of minute defects, such as in turbine blades for aircraft.

"The record sales in 2023 validate our strategy."

Michael Berger
President, X-Ray Modules

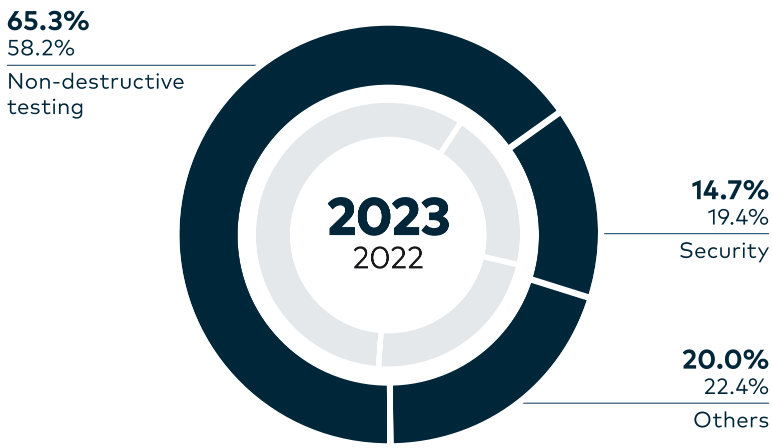
The existing technology gaps in solutions for in-line inspection create excellent market opportunities for IXM's newly launched products, particularly in Asia. The division therefore further increased its presence in Asia in order to be as close as possible to developments and players in the semiconductor market. A local sales and support team was put in place to serve the South Korean battery market, and the commercial organization in Japan and China was expanded.

Net sales of the IXM division grew by 13.1% to CHF 100.3 million (prior year: CHF 88.6 million). EBITDA improved by 51.9% to CHF 23.8 million (prior year: CHF 15.7 million), corresponding to a margin of 23.8% (prior year: 17.7%).

Key financials of X-Ray Modules at a glance

In CHF million	**2023**	2022
Net sales	100.3	88.6
EBITDA	23.8	15.7
EBITDA margin	23.8%	17.7%
Number of employees worldwide	327	335

Sales of X-Ray Modules division by market



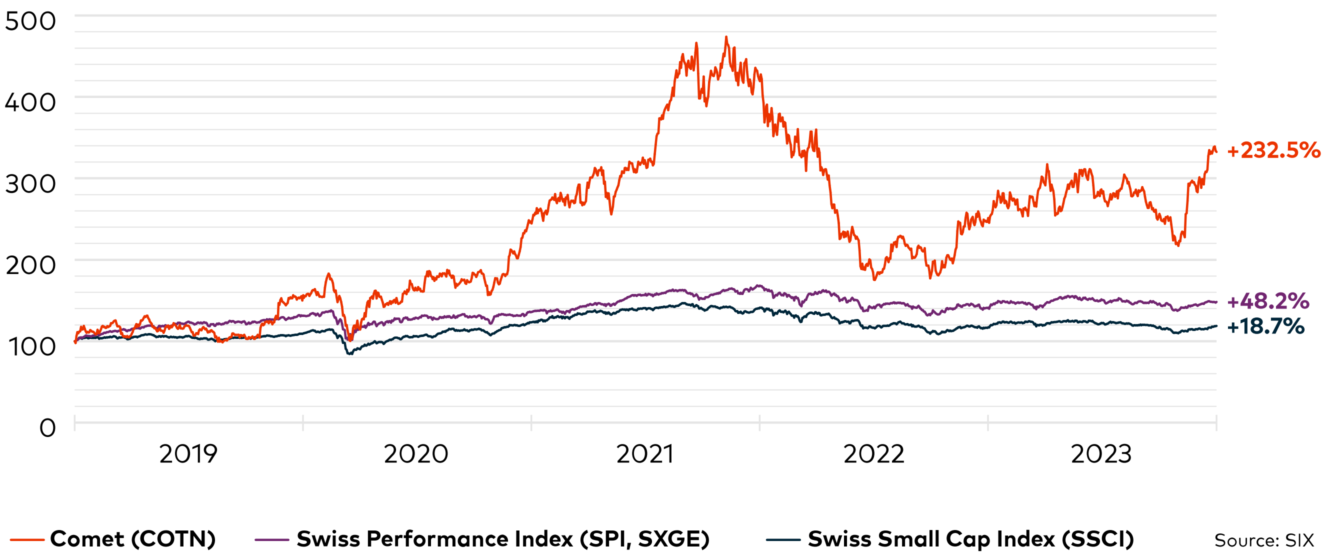
Information for investors

		2023	2022	2021	2020	2019
Capital stock	CHF	7,773,966	7,773,966	7,769,534	7,767,887	7,764,208
Number of shares (Dec. 31)		7,773,966	7,773,966	7,769,534	7,767,887	7,764,208
Weighted average number of shares outstanding		7,773,436	7,772,023	7,768,812	7,766,108	7,762,845
Stock price						
High for the year (Dec. 28, 2023)	CHF	272.60	351.50	378.00	198.20	127.00
Low for the year (Oct. 26, 2023)	CHF	170.50	136.40	195.00	71.30	76.90
Year-end (Dec. 31)	CHF	265.20	195.80	336.50	198.20	122.60
Earnings per share	CHF	1.98	10.05	8.68	3.56	1.55
Distribution per share[1]	CHF	1.00	3.70	3.50	1.30	1.00
P/E ratio (at year-end price)[2]		134	19	39	56	79
Distribution yield (at year-end price)	%	0.4%	1.9%	1.0%	0.7%	0.8%
Equity per share[3]	CHF	38.1	42.7	35.4	27.7	25.2
Market capitalization (Dec. 31)	CHF million	2,062	1,522	2,614	1,540	952

1 2023: Proposal by the Board of Directors.
2 Year-end share price divided by earnings per share
3 Shareholders' equity divided by the weighted average number of shares outstanding.

Comet stock price

01.01.2019 = 100, Prices indexed



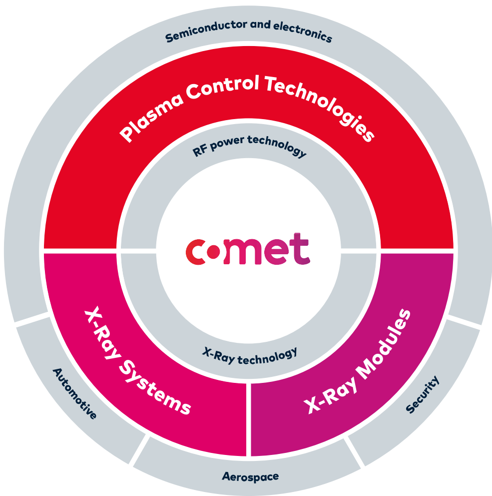
Source: SIX

Strategy execution continues on track

Strategic focus brings significant progress.

Despite unfavorable market conditions, Comet made significant headway in all dimensions of its strategy. The focus on the high-growth semiconductor and electronics market was further tightened.

Focus of the Comet strategy
Comet is **1** company developing **2** technologies – x-ray and RF power – as its **3** divisions focus on **4** markets: semiconductor and electronics, automotive, aerospace, and security.



comet pct	comet x-ray	comet yxlon
High-end, radio frequency components and system solutions for plasma applications	High-end x-ray components and modules for industrial applications	High-end x-ray system solutions for use in industrial environments, from R&D to production

In the sweet spot of digitalization and electrification

Digitalization and electrification are driving progress in industry and society. This is made possible by ever more capable semiconductor components – for the production and inspection of which Comet's technologies are crucial. Back in 2019 when Comet formulated its current strategy, generating 70% of the Group's sales with customers in the semiconductor and electronics industry was still only an aspiration for the future. By now, this industry's share of Comet's sales has already surpassed that figure, and is set to rise to more than 80% in the coming years. Both of Comet's two major technologies, radio frequency (RF) power and x-ray, are driving this trajectory. Comet is one of the few companies worldwide to supply several mission-critical technologies for the entire value chain of the semiconductor industry.

Ambitious roadmaps and global investment in the semiconductor industry

The ambitious technology roadmaps of the leading semiconductor manufacturers show where the semiconductor industry wants to go in the future. Their plans call for the development of ever more powerful and energy-saving technologies. These new technologies, together with rising demand fueled by social trends, are driving further growth and infrastructure investment in semiconductor manufacturing.

The strategic importance of semiconductor components in the transformation to an electrified and digital economy and society, as well as the effects of supply bottlenecks in the recent past, have elevated the semiconductor industry to the status of a critical sector and prompted governments to invest in it domestically. These investments at home are intended especially to reduce global dependencies in an increasingly complex geopolitical landscape and to strengthen countries' own supply chains. Based on announcements to date, a total of 129 further new semiconductor fabs are to come on stream in the USA, Europe and Asia by 2027. In the same year, the associated annual investment in RF power subsystems, which Comet develops and manufactures, is expected to reach a market volume of USD 2.5 billion. With the growing complexity of semiconductor components that are becoming ever smaller and more powerful, the industry's spending on RF power subsystems as a share of its total expenditure on wafer fabrication equipment is rising at a disproportionately high rate. (Source: TechInsights).

Digitalization and electrification of the automotive, aerospace and security sectors

Comet's traditional other core markets of automotive, aerospace and security are also following the trend toward digitalization and electrification. The automotive industry is now considered an important driver of semiconductor growth. Advanced and safe driver assistance systems (ADAS), as well as the increasing electrification of vehicles, require a rapidly growing number of different semiconductors ranging from sensors to actuators and microprocessors.

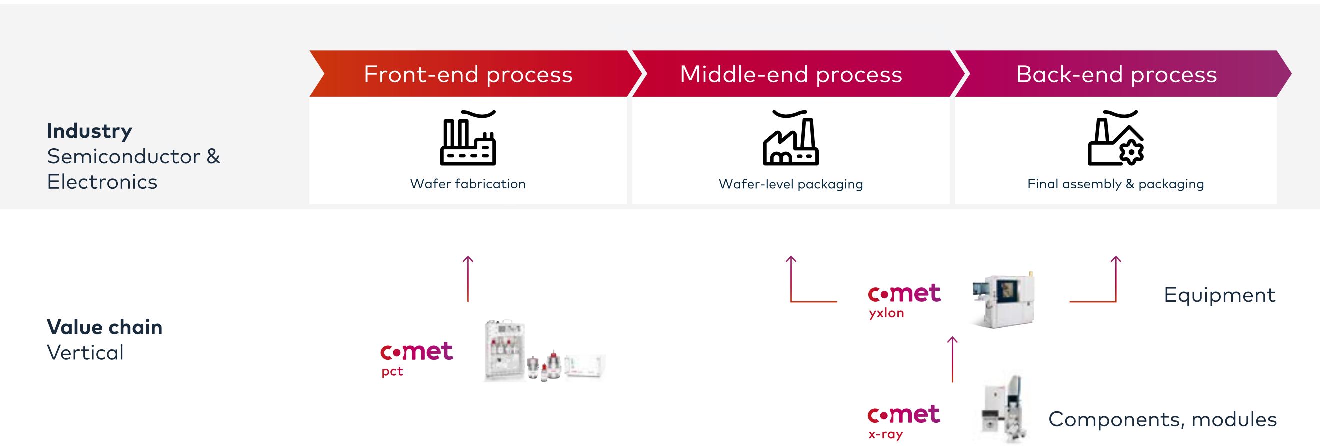
Industry analysts predict that the overall number of light vehicles produced worldwide will grow at a moderate rate of about 1.4% annually in the years to 2027. However, they expect an accelerated increase in the proportion of new cars with electric or hybrid drive systems from 8.5% of the total in 2021 to about 38.7% in 2027 (source: S&P Global Mobility, Jan. 2024). This also increases the proportion of x-ray-based quality inspections required, for which Comet's two x-ray divisions contribute components, modules and systems. Much the same applies to the aerospace sector. Here too the trend is toward hybrid electric (environmentally friendly) propulsion systems and significant further improvements in operational safety through digital assistance features. Industry forecasters expect an annual increase in semiconductor technology sales to the aircraft industry of approximately 9.3% in the period to 2027 (source: Gartner Semiconductor Forecast Database for Q4 2023)

Comet is thus very well positioned, both as a driving force in products for the manufacture and examination of semiconductor components, and as a supplier of products for quality inspection in two of the semiconductor industry's fast-growing downstream markets: automotive and aerospace. These "traditional" markets have gradually recovered since the demand decline associated with the pandemic.

Comet technologies enable critical manufacturing processes

Comet supplies critical technologies along the whole value chain of the semiconductor industry. At the front-end, the heart of the production process, Comet's radio frequency components power the extremely precise control of plasma processes. In the so-called middle-end stage, where advanced packaging methods at wafer level are applied, and at the back-end, where the final assembly and packaging of microchips take place, x-ray modules and systems ensure maximum quality and process stability. With its leading technologies, Comet supports its customers in the semiconductor industry in solving one of their greatest challenges: increasing their manufacturing yield while continuing the rapid miniaturization of the semiconductor components.

Comet's technologies along the value chain



Growth strategy

Forward integration
Developing the next generation of data-driven plasma control systems: Synertia®

Expand the portfolio with the next generation of semiconductor & electronics inspection systems and modules
Enable advanced 3D packaging and higher yields through rapid, AI-driven high-resolution CT inspection

Comet benefits from current technology trends

The current trends in semiconductor technology favor Comet, as they require more RF power and x-ray technology than ever before. Thus, producing the three-dimensional nanostructures of the latest generation of semiconductors demands ever more, and more precise, plasma process steps. As a result of the technological progress in advanced packaging, for example, the conventional non-destructive testing method of optical inspection is being pushed to its limits. X-ray technology has now evolved to the point where it is a viable option for nanoscale inspections. In e-mobility, key applications are in the manufacturing of advanced driver assistance systems, which require fail-safe electronics, and of batteries, where zero fault tolerance is becoming increasingly relevant and the need for inspection is ever-growing.

"Boost" strategic program

A high-performing organization: becoming more efficient and scalable.

Comet aims to be the market and technology leader in the markets it serves, make its customers even more efficient and successful, and become an even more profitable company. In order to fully exploit its growth potential, Comet must further raise its own efficiency and scalability as an organization and be able to respond flexibly to future cycles in the semiconductor industry.

Comet launched its Boost strategic program in 2019 with these goals in mind. It focuses on three major thrusts: boosting growth, enhancing efficiency and strengthening culture.

Efficiency

Lean, robust processes worldwide

We invest in operational excellence in our processes across production, development and administration.

To do this, are systematizing, standardizing, harmonizing and teaching our processes and policies across all locations and strengthening our management system.

Important drivers are continuous automation and digitalization of processes.

Growth

Customer proximity, innovative technologies

We are increasing our presence close to our customers in the growth regions of North America and Asia.

We are expanding our product and service portfolio with a focus on the semiconductor and electronics market.

We are innovating with:
- The Synertia® RF power delivery platform
- Micro- and nanofocus x-ray sources
- Standardized high-end x-ray systems
- Inspection workflow and visualization software based on artificial intelligence

Culture

People & environment

We continually support our employees. We invest in leadership that is based on values, and in an attractive work environment that fosters development and personal growth.

We are entrenching and invigorating our culture of sustainability.

Boost growth.

Product portfolio with technology leadership: The expansion of the product and service portfolio, with a focus on the semiconductor market, is an absolute priority for Comet as a technology leader. The prerequisite is a deep understanding of customers' requirements – in a word, customer intimacy. Thus, Comet involves customers in the development of technological solutions as early as possible in the process, with the aim of increasing customers' productivity. A prominent example of this is the collaboration between IXS and a leading company in the semiconductor industry in the field of 3D advanced packaging.

The new CTO office established in 2023 also enables a systematic and holistic approach to market trends and to technologies from a Comet-wide, whole-Group perspective.

Proximity to customers worldwide: A core task remains the expansion of the capacity levels and organization in the growth regions relevant to Comet – while taking into account rising geopolitical tensions and the growing investment in local supply chains.

In particular, Comet wants to strengthen its presence in Asia with a dedicated Asian hub, and for this purpose began planning in 2023 for its own building in Penang, Malaysia. From its design center for the Asia region in Korea, the PCT division is continuing to build out its presence in the regional markets. IXS and IXM expanded their sales and service organizations in Japan, Korea, China and Taiwan in 2023.

Enhance efficiency.

Processes and organization: Subjects such as the optimization of supply chains, the standardization of products, the automation of production processes and the implementation of lean measures are permanently on the agenda at Comet.

As a globally growing company, Comet also sees much potential in further improving the worldwide collaboration of corporate functions and regional execution. In addition to the continuous improvement and harmonization of policies, processes and tools, Comet is also working on the consistent further development and implementation of its target operating model and its management systems. The goal is a scalable organization that can respond to regional needs with agility.

In 2022, Comet established a Global Operational Excellence organization at Group level, which was further reinforced in 2023. The team acts as a center of expertise for all issues relating to operational excellence.

Digitalization: The company's continuous digital transformation is of great importance for Comet. The digitalization and automation projects range from a smart production environment, product life cycle management and a contract management workflow, all the way to customer relationship management and cybersecurity.

Strengthen culture.

Learning and development: Any initiative is only as good as the people who drive it forward. Continuous learning, development, and empowerment of employees are central to Comet, especially with a view to improved collaboration, customer focus, and speed. With dedicated training courses, Comet supports employees' development at different organizational levels and creates shared foundations for excellent collaboration.

Attractive employer: In view of the shortage of skilled personnel in the labor market, especially of R&D specialists and engineers, Comet stepped up activities to better position itself as an attractive employer. To this end, an employer branding campaign was launched in 2023 with the tagline "Your curiosity will help you and us grow."

Networking with talented young people while they are still students and winning them for the company are at the top of the agenda, alongside identifying and fostering existing talent within the Group. In 2023 as well, Comet was active at numerous education and job fairs and semiconductor trade shows worldwide to present itself as an employer. The partnership with the University of Illinois Urbana-Champaign initiated in 2021 to support students at the university also continues.

Comet also invests in an attractive working environment to retain its employees. Among other advances, in 2023 Comet developed a new internal job architecture that will be rolled out in 2024. This enables global comparability of jobs within Comet, but also with the market. The job architecture established creates a basis for clear career paths and is intended to enhance the company's competitiveness in the local labor markets.

Sustainable thinking and working: Thinking and working sustainably has been developed and promoted even more systematically since 2021 under the ESG program. Comet employees around the world collected ideas for combating climate change, which are now gradually being translated into concrete actions. Comet also held its first eco-design workshops with selected employees from all three divisions in 2023. In 2024, an online training course in eco-design is planned for a larger number of employees with the goal of developing products with an improved environmental footprint.

Our strategic initiatives until 2025.

Plasma Control Technologies

Forward integration: Synertia®.
Increase sales volume through the product portfolio, which has been expanded by the Synertia® platform.

Initiatives

Boost growth.
Continually expand the product portfolio:

- Commercialize the Synertia® RF power delivery platform
- Develop vacuum capacitors with high power density
- Intensify key account management
- Strengthen the presence in Asia: through designs from the Asia design center in Korea, expansion of production capacity in Malaysia, and a strong global supply chain

Enhance efficiency.
- Expand Penang as a strategic best-cost manufacturing location
- Increase operational and business excellence through rigorous use of lean approaches
- Drive forward digitalization and automation

X-Ray Systems

See Better. Faster. More.
Focus on high-end volume markets with standardized solutions and best-in-class services. Enabling our customers to see better, faster, and more.

Initiatives

Boost growth.
- Focused portfolio expansion
- Increase customer efficiency and productivity
- Co-creation as an innovation engine
- Strengthen the local presence

Enhance efficiency.
- Increase operational and business excellence through the consistent use of lean approaches
- Drive forward digitalization and automation

X-Ray Modules

Leveraging potential.
Expand the product portfolio by adding high-resolution x-ray modules to tap adjacent market segments.

Initiatives

Boost growth.
- Enter the semiconductor and electronics inspection market
- Expand the core automotive and aerospace markets, with a specific focus on batteries and additively manufactured components
- Develop new x-ray tube platforms and generator platforms for better market development and positioning
- Expand the sales organizations and service business in Asia

Enhance efficiency.
- Increase operational and business excellence through rigorous use of lean approaches
- Drive forward digitalization and automation

Group functions

Creating the foundations for further growth.
Creating the conditions for a high-performance, scalable organization.

Initiatives

Boost growth.
- Further develop the global organizational presence in line with the strategy and the needs of the divisions
- Bring a systematic and holistic approach to market trends and technologies through a CTO office

Enhance efficiency.
- Consistently further develop and implement the Comet target operating model and management system
- Continue to improve and harmonize policies, processes and tools in order to create a globally scalable organization
- Continue the company's ongoing digital transformation
- Expansion of the Global Operational Excellence office to leverage divisions' synergy potential

Strengthen culture.
- Strengthen the employer brand
- Implement the ESG roadmap and embed sustainability at all levels of the organization
- Continue initiatives for employee development and support and for fostering diversity, equality and inclusion
- Deepen a management culture based on our stated values of "trustful collaboration", "challenge and empower", and "customer orientation"

Outlook for 2024

Ready for the upswing.

Comet is emerging stronger from the correction in the semiconductor cycle. Thanks to a sound financial footing, the product portfolio was expanded and the market launch of new products and services was driven forward. Comet is prepared for the approaching upturn.

"We are well positioned to take advantage of the numerous opportunities in the upswing."

Stephan Haferl
CEO of the Comet Group

Signs of a coming upward trend in the semiconductor market at the start of fiscal year 2024

The first nine months of 2023 were defined by the pronounced cyclical correction in the semiconductor industry. The sharper-than-expected slump gave way to a stabilization in the last quarter of the year, with individual market segments even showing nascent growth. The balance of supply and demand for semiconductors is expected to improve in the foreseeable future, which should lead to a recovery in new orders for equipment manufacturers and thus for Comet as their supplier. The secular, long-term trend is intact. The digitalization and electrification of the economy and society are advancing inexorably. The growth prospects for semiconductor manufacturers and their suppliers are correspondingly positive.

In contrast to the semiconductor industry, the traditional automotive, aerospace and security markets proved stable well into fiscal 2023. It was not until the end of the year that the slowdown in global economic growth caught up with these markets, too. Despite this, the two x-ray divisions, X-Ray Systems (IXS) and X-ray Modules (IXM), operated in a solid market environment on balance over the year. Currently this situation is expected to continue in fiscal year 2024 and form the basis for further growth in both divisions.

Global uncertainties have increased

The world economy is presently facing great challenges. Inflation, although lower than in 2023, will continue to put pressure both on consumers and companies. In addition, geopolitical tensions and trade conflicts are causing uncertainty. While the cycle of interest rate hikes by the world's most important central banks is now likely to have passed its peak, thereby defusing a negative factor for economic growth, the global economic trajectory remains uncertain.

The Comet Executive Committee. From left to right: Dionys van de Ven (President of X-Ray Systems), Robert Leindl (CIO), Meike Boekelmann (CHRO), Stephan Haferl (CEO), Nicola Rotondo (Interim CFO), Michael Berger (President of X-Ray Modules), Joeri Durinckx (President of Plasma Control Technologies), André Grede (CTO).

Divisions geared for growth

The digital transformation of industry and society is progressing at a rapid pace, driven by the sweeping introduction of digital technologies and data-driven processes. It is revolutionizing the way businesses operate, changing how people interact with technology, and influencing the way governments and organizations deliver services.

Increasingly-powerful microchips are essential building blocks of this transformation. A striking example is high-bandwidth memory (HBM). In HBM, up to eight DRAM modules (dynamic random access memory) are stacked vertically. Such technologies will accelerate the sales growth of semiconductors, expanding the market at an annual rate of about 9% from USD 550 billion in 2023 to an expected USD 1 trillion in 2030.

For Comet, this means that net sales with the semiconductor sector are projected to account for more than 80% of the Group's overall sales in the next three to five years. A high proportion of this revenue will come from the products of the PCT division. In addition, our two x-ray divisions will also record significant sales increases in the semiconductor market.

“In 2024 as every year, we will make focused investments in our growth."

Nicola Rotondo
Interim CFO of the Comet Group

With the newly launched Synertia® platform, the PCT division is superbly positioned in the RF subsystems market to benefit from the developments in microchip production. With Synertia®, PCT has not only created a fully modular platform, but also the engine for future growth. The data-driven Synertia® is one of the most powerful RF subsystems currently available on the market. It enables fast response times and, as a first, allows data-based real-time insights into the plasma process. These capabilities enable the PCT division to actively support and shape the technological transformation of tomorrow.

The IXS division is on the cusp of a groundbreaking development in x-ray-based quality inspection for the advanced packaging (AP) segment. AP, as a key technology for high-performance computing, artificial intelligence, virtual/augmented reality, 5G and smart automotive systems, is poised for predicted growth of about 12% per year between 2023 and 2027. The increasing complexity and miniaturization of IC packages mean that conventional optical inspection methods are reaching their limits. This is where x-ray inspection comes in: It offers deeper vision into objects and provides valuable information for process development and monitoring. Together with market leaders in microchip production, IXS is developing customized solutions for the challenges in AP. The aim is to substantially reduce customers’ defect rate in order to help them achieve optimum yields.

Like IXS, the IXM division is benefiting from the trends in microchip production. The progressive miniaturization of electronic components and the higher packing density require ever more complex production processes with a higher susceptibility to errors. This in turn increases the need for efficient, non-destructive testing procedures in order to minimize potential manufacturing defects and the associated risks, such as in batteries for mobility solutions. Addressing this need, IXM offers its customers integrated solutions that enable fast and automated inspections and data analysis. IXM is also expanding its offering to new markets, particularly in the area of electronics and battery technology.

Corporate Governance 2023

Contents

Corporate governance in 2023

Corporate governance is defined by Comet as the entirety of the principles and practices aimed at safeguarding shareholder interests. While maintaining management's decision-making capability and efficiency, the aim of good corporate governance is to ensure an appropriate balance of leadership and control, together with transparent reporting.

This corporate governance report describes the management structure and control principles in place at the top organizational levels of the Group. The key elements are defined in Comet's Articles of Association (also known as its Bylaws) and in its Organizational Regulations (specifying the Company's governance structure and governance policies). The corporate governance report is based on the requirements of the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance (DCG). The disclosure requirements of the Swiss Code of Obligations regarding excessive compensation at listed companies are fully met. Comet also takes into account the recommendations of the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse.

Information policy

Comet informs its shareholders, the media, financial analysts and other stakeholders with the greatest possible transparency and based on the principle of equal treatment. The Group publishes semi-annual media releases to update investors on its business and financial results. Comet also publishes annual reports and half-year reports, which are prepared in compliance with Swiss stock corporation law and IFRS Accounting Standards (IFRS). As well, information is provided to additional audience segments via the following events:

- To shareholders, in connection with the Shareholder Meeting
- To media representatives and financial analysts, through press conferences
- To institutional investors, through road shows and an annual Capital Markets Day

Important price-sensitive events are communicated in a timely manner via electronic media and in accordance with the directive on ad-hoc publicity (i.e., the ad-hoc disclosure requirements) of SIX Exchange Regulation, a division of the SIX Swiss Exchange.

Key dates
The dates of the most important publications and events are given below:

End of fiscal year	December 31, 2023
Annual results press conference	March 4, 2024
Publication of annual report	March 4, 2024
Annual Shareholder Meeting	April 19, 2024
End of first half of fiscal year	June 30, 2024
Half-year results press conference	July 31, 2024
Publication of half-year report	July 31, 2024

Publication media
Comet's annual report and half-year report, its Articles of Association and its compensation report are published on the Group's website at www.comet-group.com/en/investors/downloads.

For disclosure announcements for stock exchange purposes, Comet Holding AG uses the electronic publication platform operated by the SIX Swiss Exchange: https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notices.html. The Group's website at www.comet-group.com offers a wealth of information, including details of the Group's business activities and access to the media releases and presentations for press conferences. As well, anyone may register on the website to automatically receive all press releases in electronic form.

Group structure and shareholders

Structure of the operating activities of the Comet Group
Comet Holding AG is a stock corporation with limited liability under Swiss corporate law. It is registered with the commercial register of the Canton of Fribourg, Switzerland under company registration number CHE–101.348.386. The registered office of Comet Holding AG is located at Herrengasse 10, 3175 Flamatt, Switzerland. Business operations are conducted through the group of companies listed in note 2 of the separate financial statements of Comet Holding AG. All companies are wholly owned by Comet Holding AG.

The Group's commercial activities are divided into three divisions: Plasma Control Technologies (PCT), X-Ray Systems (IXS) and Industrial X-Ray Modules (IXM). Financial reporting is segmented along these divisional lines. The financial data for the individual divisions is found in the segment reporting within the notes to the consolidated financial statements (note 4, "Segment reporting").

Listed Group company: Comet Holding AG
Comet Holding AG is the Group's only company listed on a stock exchange. The registered shares have been listed in the main market segment of the SIX Swiss Exchange in Zurich, Switzerland, since December 17, 2002 (ISIN no. CH0360826991). The closing share price on December 31, 2023 was CHF 265.20 (prior year: CHF 195.80), which resulted in a market capitalization of CHF 2,062 million (prior year: CHF 1,522 million). Further information is provided in note 4, "Listing and shareholders" of the separate financial statements of Comet Holding AG and in the section "Information for investors" in the management report.

At December 31, 2023, Comet Holding AG had 8,134 voting shareholders of record (i.e., voting shareholders registered in the share register; prior year: 7,053). Of the total issued registered stock, 100% (prior year: 100%) represented free float. Comet Holding AG held 2,000 shares of treasury stock at December 31, 2023 (prior year: nil). Information on the ownership structure and significant shareholders is disclosed in the separate financial statements of Comet Holding AG in note 4, "Listing and shareholders". Disclosure notifications of significant shareholdings in Comet Holding AG that were filed with Comet Holding AG and SIX Swiss Exchange are available from the online publication platform of the SIX Swiss Exchange through the following database search page: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html.

At December 31, 2023, Comet Holding AG had no cross-shareholdings with other publicly traded companies (prior year: nil).

Capital structure

Capital stock
As of December 31, 2023, the capital stock of Comet Holding AG amounted to CHF 7,773,966, divided into 7,773,966 fully paid-in, registered shares with a par value (nominal value) of CHF 1.00 per share. With the exception of any treasury stock held by the Company, every share carries dividend rights. Each share represents one vote at the Shareholder Meeting, provided that the shareholder is recorded in the share register. The Company no longer has any authorized capital.

Capital band (i.e., capital range)
At any time until April 14, 2026, the Board of Directors is authorized i) to increase the capital stock by issuing a maximum of 1,554,793 fully paid registered shares with a par value of CHF 1.00 per share in one or more steps, by not more than a cumulative CHF 1,554,793, to a new total of CHF 9,328,759 (the upper limit of the so-called capital band), and ii) to reduce the capital stock in one or more steps to not less than CHF 7,385,268 (the lower limit of the capital band), either by cancelling not more than a total of 388,698 registered shares with a par value of CHF 1.00 per share or by reducing the par value of the registered shares accordingly. A capital reduction and a reincrease may be performed simultaneously. If the capital stock is increased by means of the capital band, the limit on the number of shares by which the capital can subsequently be reduced is raised so that the lower end of the capital band can be reached. If the capital stock is reduced by means of the capital band, the limit on the number of shares by which the capital can subsequently be increased is raised so that the upper end of the capital band can be reached. If a change in capital is performed by changing the par value, the upper and lower limits of the capital band remain constant, but the limits on the number of shares by which the capital can be changed are adjusted accordingly. In the case of an increase of the capital stock, the new shares must be fully paid in. In the case of a capital reduction, the amount of the reduction may, in the discretion of the Board of Directors, be distributed to the shareholders in whole or in part and/or added to reserves.

Conditional capital for equity compensation
Under article 3b of the Articles of Association, Comet has conditional capital (referred to in German as "bedingtes Aktienkapital") that is designated for use only as equity-based compensation for members of the Executive Committee and of the Board of Directors of Comet Holding AG. At December 31, 2023, this conditional capital consisted of 189,154 shares with a nominal value of CHF 1.00 per share. It corresponded to approximately 2.4% of the existing capital stock. The issuance of stock or stock subscription rights is based on a compensation plan adopted by the Board of Directors. Further information about equity-based compensation can be found in the compensation report.

Conditional capital for financing, acquisitions and other purposes
The capital stock of the Company can be increased by a maximum of CHF 1,554,793 through the issuance of up to 1,554,793 fully paid registered shares with a par value of CHF 1.00 per share through the exercise (incl. mandatory exercise) of conversion, exchange, option, subscription, or similar rights to purchase shares granted to shareholders or third parties, alone or in connection with bonds, loans, options, warrants, or other financial market instruments or contractual obligations of the Company or its subsidiaries (collectively "Financial Instruments").

Further details on the structure of and changes in shareholders' equity of Comet Holding AG are disclosed in the separate financial statements of Comet Holding AG in the statement of changes in equity and within note 4, "Listing and shareholders", note 5, "Equity capital structure" and note 7, "Options and conversion rights". As of December 31, 2023, Comet Holding AG had no participation certificates or dividend-right certificates outstanding (prior year: nil).

Limitations on transferability and nominee registrations
The Company keeps a share register in which the shares' owners and beneficial owners and the number of their shares are recorded. The share register is operated on behalf of Comet by Devigus Engineering AG. For the purposes of the legal relationship with the Company, shareholders or beneficial owners of shares are recognized as such only if they are registered in the share register. Purchasers of registered stock or of beneficial rights with respect to registered stock are upon their request recorded as voting shareholders in the share register by the Board of Directors if the purchasers state explicitly that they have acquired, and will hold, the stock or beneficial interest for their own account. Registration in the share register requires evidence of the acquisition of full legal title to the shares or evidence of the establishment of beneficial ownership. For the purpose of this condition, nominee shareholders (nominees) are deemed to be those persons who do not explicitly state in their registration application that they hold the shares for their own account. The Board of Directors registers nominees as holding voting shares only up to a maximum of 5% of the capital stock recorded in the Swiss commercial register of companies. Where legal entities or groups with joint legal status are connected by capital, voting rights, management or in some other manner, they are deemed to constitute a single nominee, as are all natural persons, legal entities or groups with joint legal status that by agreement, as a syndicate or in any other way act in a coordinated manner in circumventing the nominee rules. The Company may, after hearing the affected party, void registrations in the share register with retroactive effect from the date of registration if they were based on false information given by the purchaser. The purchaser must be informed of the deletion immediately. The Board of Directors determines the details of the application of these provisions and makes the arrangements necessary to ensure compliance with the rules outlined in the Company's Articles of Association.

In fiscal year 2023, the Board of Directors did not recognize any acquirers of shares holding more than 5% of all registered shares as a shareholder or beneficial holder with voting rights, did not reject any requests for registration, and did not remove any shareholders with voting rights from the share register on the grounds of provision of false information.

Convertible bonds and options
As of December 31, 2023, Comet Holding AG had no conversion rights or stock options outstanding (prior year: nil).

Management transactions and measures to prevent insider-trading offenses
The Listing Rules of the SIX Swiss Exchange require the disclosure of management transactions in stock of the Company and related financial instruments. The Board of Directors has issued a corresponding regulation in order to comply with these requirements. The parties whose transactions of this nature are reportable to the Company are the members of the Board of Directors and of the Executive Committee (the Executive Committee is the most senior level of operational management). In fiscal year 2023, one disclosure was filed. Published disclosures can be found on the website of the SIX Swiss Exchange: www.ser-ag.com/en/resources/notifications-market-participants/management-transactions.html.

For Comet, regular closed periods (also referred to as blackout periods) for trading in securities of Comet Holding AG are defined as the periods from December 16 and June 16 up to and including the trading day following the publication of the annual or half-year report, respectively, or the publication of the relevant key figures. These closed periods apply to the members of the Board of Directors and the Executive Committee, as well as members of group functions in finance, investor relations and communication. No exceptions were granted in fiscal year 2023.

Board of Directors

The Board of Directors has ultimate responsibility for supervising the Group's top-level operational management personnel. The Board sets the Group's strategic goals and the guidelines for organizational structure and financial planning.

As prescribed by the Articles of Association, the Board of Directors of Comet Holding AG consists of a minimum of five members. The composition of the Board of Directors is designed to ensure effectiveness. Key qualities sought in the recruitment of Board members are independent thinking and willingness to work in a team focusing exclusively on the interests of the Company and its principal stakeholders. The Board of Directors nominates non-executive and independent members within the meaning of the Swiss Code of Best Practice for Corporate Governance to be elected by the Annual Shareholder Meeting as members of the Nomination & Compensation Committee.

Composition of the Board of Directors of Comet Holding AG
On December 31, 2023, the Board of Directors of Comet Holding AG had the following seven members:

	Nationality	Position on the Board	Member since	Elected until
Heinz Kundert	Swiss	Chair and non-executive member	2019	2024
Mariel Hoch	Swiss / German	Vice Chair and non-executive member	2016	2024
Patrick Jany	Swiss / German	Non-executive member	2019	2024
Tosja Zywietz	German	Non-executive member	2021	2024
Edeltraud Leibrock	German	Non-executive member	2022	2024
Irene Lee	Singaporean	Non-executive member	2023	2024
Paul Boudre	French	Non-executive member	2023	2024

Secretary of the Board (since 2023) and non-member of the Board: Marc Splisgardt, Group General Counsel

Additional information on the members of the Board of Directors
The information below outlines the education, significant professional experience and current position of each Board member. Where a place name is not followed by a country or state, the country is Switzerland.

Heinz Kundert
(b. 1952, Swiss citizen)

Education
Degree in mechanical engineering and industry management from ITA and business management from FAH at the University of St. Gallen (HSG)

Professional experience
1981 to 1991: Regional Director Asia, Balzers AG, Balzers, Liechtenstein; 1991 to 1999: Division Manager, Semiconductor and Data Storage, Balzers AG, Balzers, Liechtenstein; 1999 to 2002: COO of Oerlikon-Bührle, Zurich-Oerlikon; 2002 to 2004: CEO of Unaxis AG, Pfäffikon; 2005 to 2015: VP of SEMI Intl. USA and President of SEMI Europe; 2015 to 2018/2022: CEO/Board member of VAT Group, Sennwald; 2019 to 2020: CEO of the Comet Group, Flamatt

Mariel Hoch
(b. 1973, Swiss and German citizen)

Education
Admitted to the Zurich bar in 2005; Dr. iur doctorate in law from University of Zurich and Lic. iur degree in law from University of Zurich

Professional experience
Partner at the law firm Bär & Karrer AG, Zurich

Patrick Jany
(b. 1968, Swiss and German citizen)

Education
Degree in business administration from École Supérieure de Commerce de Paris (ESCP), France

Professional experience
1990 to 2006: Various positions at Sandoz, later Clariant, including CFO for ASEAN region, Head of country organization of Clariant Mexico, and Head of corporate development; 2006 to 2020: CFO and member of the Executive Committee of Clariant AG, Muttenz; since May 2020: EVP and CFO at A.P. Moller-Maersk A/S, Copenhagen, Denmark

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Tosja Zywietz
(b. 1971, German citizen)

Education
Dr. rer. nat. doctorate in physics from Fritz Haber Institute of the Max Planck Society, Berlin, Germany and Dipl. master's degree in physics from University of Göttingen, Germany

Professional experience
2001 to 2003: Consultant in health care, information technology and financial services practices at Boston Consulting Group GmbH, Munich, Germany; 2003 to 2004: Project Leader at Boston Consulting Group UK LLP, London, UK; 2002 to 2009: founder and owner of and Director at Biosigna GmbH, Institut für Biosignalverarbeitung und Analyse, Munich, Germany; 2009 to 2019: Chief Strategy Officer and later CEO at Rosenberger Hochfrequenztechnik GmbH & Co. KG, Fridolfing, Germany; 2020 to 2022: Executive Committee Member responsible for production, procurement and quality at Sick AG, Waldkirch, Germany; since 2023: Chairman and Managing Director at SMART Precision Tools & Manufacturing GmbH, Denzlingen, Germany

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Edeltraud Leibrock
(b. 1965, German citizen)

Education
Dr. rer. nat. doctorate in natural sciences from Hamburg University of Technology, Germany, and degree in physics and biology from the University of Regensburg, Germany

Professional experience
2000 to 2009: Consultant at Boston Consulting Group in Munich, Germany, where she supported strategy, IT, and digitalization projects; 2009 to 2011: Group CIO and Executive Vice President at Bayerische Landesbank in Munich, Germany; 2011 to 2015: COO and Member of the Executive Board at KfW Bankengruppe in Frankfurt am Main, Germany; since 2016: founder and Managing Partner of Connected Innovations GmbH in Hamburg, Germany, a specialist consultancy focused on artificial intelligence and automation; since 2023: Senior Advisor specializing in digital business transformation at Roland Berger, a consultancy headquartered in Munich, Germany

Irene Lee
(b. 1960, Singaporean citizen)

Education
Master of Business Administration (MBA) from University of Leeds, UK; Executive MBA from Harvard Business School, USA; Diploma in Mechanical Engineering from Singapore Polytechnic, Singapore

Professional experience
1987 to 2011: various positions including VP of Quality at Seagate Technology in Singapore; 2012 to 2019: different positions including SVP Global Operations & CQO at Kulicke & Soffa in Singapore; since 2019: Board member of JEP Holdings Ltd, focused on the aerospace industry, Singapore; since 2020: Investment Officer at Little Rain Pte Ltd, a wealth management company, Singapore

Paul Boudre
(b. 1958, French citizen)

Education
Degree in chemistry from the Ecole Nationale Supérieure de Chimie de Toulouse, France

Professional experience
1988 to 1994: General Manager, "Discrete Devices" at Motorola Semiconductor, Toulouse, France; 1995 to 1997: General Manager in charge of green field operation at Atmel Corporation, Rousset, France; 1997 to 2007: various positions including VP/General Manager of Yield Management for worldwide strategic accounts at KLA, San Francisco, CA, USA; from 2007 to 2022: diverse positions, including CEO for seven years, at Soitec, Bernin, France, which focuses on engineered wafers supporting connectivity, car electrification and IOT/AI applications; since 2023: Co-Founder and CEO of Silian Partners SA, Luxembourg, an advisory firm dedicated to the global semiconductor industry

Operational management functions
With the exception of Heinz Kundert (who was interim CEO from June 21, 2019 to August 31, 2020), no Board member is or was a member of the operational management of Comet Holding AG or any of its subsidiaries over the last three fiscal years.

Disclosure of potential conflicts of interest
No member of the Board of Directors has any material business relationship with Comet Holding AG or any of its subsidiaries. In the event of a potential or impending conflict of interest, the Board member concerned is required to inform the Chair of the Board of Directors immediately.

Activities and interests outside the Group
Article 23 of the Articles of Association, which are compliant with article 734e of the Swiss Code of Obligations, specifies the allowable number of other, external positions that members of the Board of Directors may hold on top management or supervisory bodies, as follows:

- Members of the Board of Directors may each not hold more than five external positions on top management or supervisory bodies of listed (i.e., exchange-traded) companies and not more than seven such external positions in non-listed companies.

- Members of the Board of Directors may each not hold more than ten such positions in associations, non-profit foundations, family foundations and employee pension funds.
- Positions in companies controlled by Comet Holding AG, or positions controlled by it, are not subject to restriction.

In fiscal year 2022 and 2023, no member of the Board of Directors exceeded any limits for additional positions held. At December 31, 2023, the members of the Board of Directors had the following additional positions on top management or supervisory bodies of significant Swiss and foreign private sector and public sector companies, institutions and foundations:

Heinz Kundert
Board member, Variosystems AG, Steinach; Board Chairman, R&S Group Holding AG, Freienbach SZ; owner, Kundert Consulting Establishment, Schaan, Liechtenstein

Mariel Hoch
Board member and member of the audit and risk committee and chairwoman of the compensation committee, SIG Combibloc Group AG, Neuhausen am Rheinfall; Board member and member of the audit committee, Komax Holding AG, Dierikon; Board member, MEXAB AG, Lucerne; Board member, The Schörling Foundation, Lucerne; Board member, Law & Economics Foundation, St. Gallen; Board member, Irene M. Staehelin Stiftung (a foundation), Zurich; Board member, Orpheum, Stiftung zur Förderung junger Solisten (a foundation), Zurich

Tosja Zywietz
Board member, Alupak AG, Belp; Board member, Mahr GmbH, Göttingen, Germany; Chairman, Upwind Sports GmbH, Traunstein, Germany; Board member, SECO S.p.A., Arezzo, Italy; Supervisory Board member, TechInvest Holding AG, Munich, Germany; CEO, Azienda Agricola Cantina La Cava Soc. Agr. a.r.l., Riparbella, Italy; Chairman, Stiftung Traunstein, Traunstein, Germany

Edeltraud Leibrock
Supervisory Board member, ALH Group, Oberursel, Germany; Advisory Board member, Artificial Intelligence Center Hamburg (ARIC), Hamburg, Germany; Supervisory Board member – Deputy Chair, Baufi24 Baufinanzierung AG, Hamburg, Germany; Advisory Board member, Bilthouse GmbH, Hamburg, Germany; Advisory Board member, Loanboox GmbH, Zurich; Advisory Board member, Suntrace GmbH, Hamburg, Germany; Advisory Board member, Fraunhofer Alumni e.V., Germany; Advisory Board member, Neoshare AG, Munich, Germany

Irene Lee
Board member, JEP Holdings Ltd, Singapore; Board member, Key Point (Singapore) Pte Ltd, Singapore; Board member, Amethyst Micrometric (Singapore) Pte Ltd, Singapore

Paul Boudre
Board member, Alphawave IP, London, United Kingdom; Chairman of the Board, Unity Semiconductor, Montbonnot-Saint-Martin, France

Board elections and terms

The Board members are elected by the Annual Shareholder Meeting for a term of one year. They are individually elected when standing for election or re-election. The Annual Shareholder Meeting also elects one member of the Board of Directors as the Board Chair and elects the members of the Nomination & Compensation Committee.

The term of office ends at the conclusion of the next Annual Shareholder Meeting. Re-election for consecutive terms is permitted. If elections are held during a term to replace or add Board members, the newly elected members serve for the remainder of the current term.

The Articles of Association are in accordance with the legal requirements of the Swiss Code of Obligations (Federal Act on the Amendment of the Swiss Civil Code).

Internal organization

Except for the election of the Board Chair and the members of the Nomination & Compensation Committee by the Annual Shareholder Meeting, the Board of Directors constitutes itself at its first meeting after its election or re-election by the Annual Shareholder Meeting. The Board appoints its Vice Chair, the members of the other Board committees and the Board Secretary. The Secretary need not be a member of the Board.

The Chair of the Board of Directors has the following duties and powers:

- Act as chair of the Shareholder Meetings
- Call meetings of the Board of Directors and set the agenda
- Supervise, comply with and implement the resolutions of the Board of Directors
- Immediately inform all members of the Board of Directors of extraordinary events
- Ensure that urgent business matters are transacted within the required timeframe
- Interact with the senior management of the Comet Group
- Monitor the implementation of measures decided by the Board of Directors
- Take all measures required to safeguard the interests of the Comet Group
- Represent the Board of Directors internally and externally

The Vice Chair of the Board assumes the powers and duties of the Chair in his or her absence. The chairs of the Board committees lead their respective committees and report to the Board of Directors.

The Board meets at the invitation of the meeting's chair as often as business requires, or when requested by a Board member in writing for a stated purpose. The Board has a quorum when the majority of members are present. The Board passes its resolutions and performs its elections by an absolute majority of votes cast. In the event of an equality of votes, the chair of the meeting has the casting vote.

Resolutions on a motion may alternatively be reached in writing if no Board member objects to this method. Minutes must be kept of the deliberations and resolutions and be signed by the meeting's chair and the Board Secretary. The minutes are submitted to the Board for approval at its next meeting.

Functioning of the full Board of Directors
A total of eight regular meetings of the full Board were held in the year, as well as several teleconferences. In addition, several meetings of the Board committees were held. An overview of the meetings of the Board of Directors and the members in attendance is shown below.

Name	February			April	June		July		October	November	December	
	BoD	BoD	AC	BoD	BoD	AC	BoD	AC	BoD	BoD	BoD	AC
Heinz Kundert	x	x	x	x	x	x	x	x	x	x	x	x
Mariel Hoch	x	x	--	x	x	--	x	--	x	x	x	--
Patrick Jany	x	x	x	x	x	x	x	x	x	x	x	x
Tosja Zywietz	x	x	x	x	x	x	x	x	x	x	x	x
Edeltraud Leibrock	x	x	--	x	x	x	x	x	x	x	x	x
Irene Lee	--	--	--	(x)	x	--	x	--	x	x	x	--
Paul Boudre	--	--	--	(x)	x	--	x	--	x	x	x	--
Gian-Luca Bona	x	x	--	x	--	--	--	--	--	--	--	--

BoD: Regular meeting of the Board
AC: Audit Committee
x: Attended
(x): Attended as a guest
– -: Not attended or not a member of the Board or Committee at that time

The Board of Directors is regularly kept informed of the course of business by the CEO and CFO at its meetings, and also on an ad hoc basis as needed. Other members of the Executive Committee, other management staff and specialists of the Group regularly attend Board meetings to report on particular projects in their area of responsibility. In addition, external advisors are consulted as required to deal with specific matters. The Board receives monthly written financial reports on the current business performance.

Board committees
In fiscal year 2023 the Board committees had the following members:

Committee	Members
Nomination & Compensation Committee (NCC)	Mariel Hoch (Committee chair)
	Paul Boudre (from April 2023)
	Tosja Zywietz (from April 2023)
	Gian-Luca Bona (until April 2023)
Audit Committee (AC)	Patrick Jany (Committee chair)
	Tosja Zywietz
	Edeltraud Leibrock (from April 2023)
Technology Committee (TC)	Paul Boudre (Committee chair, from April 2023)
	Edeltraud Leibrock
	Irene Lee (from April 2023)
	Gian-Luca Bona (until April 2023)

The Annual Shareholder Meeting elects the members of the Nomination & Compensation Committee. The members of the other committees are elected by the Board from among the Board members for a term of one year. Every committee normally consists of at least two members of the Board and meets at least twice per year, or as often as business requires.

The committees' principal function is to prepare decision support for the full Board in special subject areas. At the regular meetings or as required, the full Board is kept informed of the activities of the individual committees. Reports to the full Board are made orally or in writing as required. The overall responsibility for the tasks assigned to the committees remains with the full Board, which decides as a body on all proposals.

Nomination & Compensation Committee
The Nomination & Compensation Committee (NCC) is made up of three members of the Board, who are elected to the Committee yearly by the Annual Shareholder Meeting. The term of office is one year. Re-election for consecutive terms is permitted. The NCC prepares all agenda items related to the nomination and compensation of Board members and Executive Committee members. The NCC itself does not make decisions, but prepares proposals for the approval of the full Board of Directors. The Committee has the following responsibilities in particular (additional responsibilities may be assigned to it as required):

- Address both the compensation policy for the remuneration of the Board of Directors and Executive Committee, and the Comet Group's compensation structure
- Prepare the compensation report and support the Board of Directors in preparing resolutions for the Annual Shareholder Meeting for the approval of compensation

- Develop proposals for guidelines for the compensation of the Board of Directors and Executive Committee
- Review stock ownership plans and recommend adjustments as appropriate
- Propose new Board members and Executive Committee members for appointment
- Provide support to the CEO in evaluating candidates for the Executive Committee

In fiscal year 2023, the NCC handled the following compensation- and nomination-related tasks on behalf of the Board of Directors:

- Identification and assessment of potential candidates for positions on the Board based on predefined criteria, and recommendation to the full Board regarding their nomination for election or re-election at the Shareholder Meeting.
- Identification and assessment of potential candidates for positions on the Executive Committee based on predefined criteria, and recommendations to the full Board.
- Review of the succession planning and of the list of possible substitutes in case of absences on the Executive Committee, and preparation of corresponding proposals to the full Board.
- Recommendation to the full Board for approval of the annual compensation report.

In the year under review, the Committee held three meetings, all of which were attended by all NCC members, as well as by the Global Head of HR. In an advisory role, the Chair of the Board and the CEO also attended. The Committee may invite other Board members, Executive Committee members and specialists to its meetings as required. However, the members of the Executive Committee do not attend the compensation-related Board meetings and do not have a say in their compensation. The NCC chair briefs the Board of Directors on the activities at the next Board meeting and submits the necessary proposals and recommendations. Minutes of the NCC meetings are taken and signed by the chair of the NCC and its secretary.

Audit Committee

The Audit Committee supports the full Board in exercising oversight of accounting and financial reporting and in monitoring compliance with legal requirements. The Committee has the following responsibilities in particular:

- Evaluate the structure and form of the Group's accounting system
- Gauge the effectiveness of the independent auditors and the internal controls; evaluate the coordination of external and internal auditing, and review the performance and compensation of the external independent auditors
- Evaluate the effectiveness of risk management
- Review the financial reporting to shareholders and the public
- Issue directions to the internal audit function and, as may be required on a case-by-case basis by the resulting findings, issue directions to the Executive Committee

During the fiscal year, four meetings were held by the Audit Committee. They were attended by the external auditors, internal auditors, the CEO and the CFO. In an advisory role, the Chair of the Board also attended. The Committee may invite other Board members, Executive

Committee members and specialists to its meetings as required. At each Board meeting, the Audit Committee reports on its activities to the Board of Directors and submits the necessary proposals and recommendations to the Board.

Technology Committee
The Technology Committee provides support to the full Board in matters of technology. The Committee has the following responsibilities in particular:

- Monitor international developments in technology and evaluate the emerging trends for their relevance to the Comet Group
- Assess the Group's internal research and development activities
- Ensure the Group holds at least one technology day or equivalent event per year

The Committee meets as often as business requires. In fiscal year 2023, it held two meetings. During the year the appraisal of technology sector developments, as well as the development measures taken by the Group, were regularly discussed with the division presidents in the course of the Committee meetings and the Board's scheduled meetings.

Division of authority
The Board of Directors is responsible for the overall direction and management of the Group and for the supervision of its most senior operational management. The non-delegable and inalienable duties of the Board of Directors are established by article 716a of the Swiss Code of Obligations. The Board's specific responsibilities and scope of authority are set out in the Company's Organizational Regulations and include the following areas among others:

- Determine the Group's strategic direction and financial targets and allocate the resources required to achieve them
- Establish the Group's objectives, business policy and strategy, and organizational structure
- Approve the rolling short- and medium-term financial plans
- Approve the acquisition and disposal of subsidiaries and of equity interests in other companies, and approve collaborations with other firms
- Approve the purchase and sale of real estate
- Appoint and withdraw members of the Group's Executive Committee and the presidents of its subsidiaries and exercise oversight and control of their activities

The Board of Directors has delegated all operational management of the Group to the CEO and the Executive Committee, except as otherwise required by law, the Company's Articles of Association and the Organizational Regulations. The CEO and Executive Committee have the necessary powers to execute the business strategy within the parameters set by the Board of Directors. In particular, the CEO has the authority to:

- Manage the Comet Group, implement the Board's strategic directions and decisions, and ensure timely and appropriate reporting to the Board

- Develop business targets within the general objectives established by the Board and present proposals for the rolling forecasts and for the strategic multi-year planning
- Request items of business to be placed on the agenda of Board meetings, prepare such business for transaction by the Board, and ensure the implementation of the Board's decisions
- Implement an internal control and management information system based on the specifications of the Board
- Regularly review the business risks, and establish a Board-approved risk management system for this purpose
- Regularly review the degree of achievement of the financial targets and strategic goals, as well as the Group's liquidity
- The members of the Executive Committee report to the CEO

Monitoring and control with respect to the Executive Committee
The Chair of the Board may attend the meetings of the Executive Committee and receives the minutes of all its meetings. The Board of Directors also receives regular reports on the course of business from the Executive Committee at Board meetings. In the case of extraordinary events, the Executive Committee informs the Board immediately. The CEO and CFO attend all regular meetings of the Board. At least one to two times per year, in the context of Board meetings, the other members of the Executive Committee also report to the Board on their business area.

Management information system
The monthly financial reporting by the Executive Committee on the current course of business and important transactions gives the full Board of Directors the information needed to properly discharge its responsibilities. The standardized internal reporting of the Group consists of the IFRS-based consolidated balance sheet, statement of income and cash flow statement, as well as detailed management reporting. Complementing the monthly consolidated financial statements and a comprehensive range of financial ratios, the management reporting presents and comments upon additional information such as new orders and order backlog, staffing levels and accounts past due, provided in table and chart form. This data is presented both by division and on a consolidated basis for the Group and is compared to the prior year and the rolling forecast. The resulting insights and actions are discussed monthly by the Executive Committee. All monthly financial statements are submitted to the Board of Directors, which discusses them at its meetings. As a longer-term control tool, a rolling multi-year plan is prepared annually for the subsequent three years. In addition, every quarter, management generates a rolling forecast for the following five quarters. These forward-looking control tools, which are accompanied by detailed commentary and documented with charts, enable the Board to continually evaluate the financial effectiveness of the adopted business strategy and then to take action if and as required.

Internal audit
The Comet Group's internal audit function provides objective and independent assurance to Comet's Board of Directors and its executive management regarding the key risks of the organization.

The goals of the internal audit function are to assist management in monitoring the organization's level of compliance with internal and external rules and regulations, in managing the organization's key risks effectively, and in enhancing the efficiency and effectiveness of the Group's internal control systems and governance processes.

The Internal Audit Charter outlines the purpose, authority, responsibilities, and scope of the internal audit function and has been formally approved by the Board. It specifies the reporting lines of the internal audit function, with functional reporting to the Audit Committee and administrative reporting to the Group CFO.

The internal audit function maintains a regular reporting schedule, with at least twice-yearly reporting to Comet's Audit Committee and more frequent reporting to the Executive Committee. Additionally, it maintains well-defined coordination and cooperation with the external auditors.

Following the conclusion of each audit, the internal audit team prepares a comprehensive audit report. This report is then discussed with the auditees, who actively contribute to defining action plans based on the audit findings. Subsequently, the report goes through in-depth discussions with key personnel at division level, as well as with the Group CFO. Finally, it is presented to the Executive Committee before it is formally submitted to the Audit Committee. These reports align with the current audit priorities approved by the Board.

Comet entered into an internal audit outsourcing service agreement with KPMG AG Switzerland, effective January 1, 2022. Compensation for these services is determined based on the volume of work performed under the service agreement, subject to approval by the Audit Committee.

In 2023 the internal audit function provided services in the area of internal audit, internal controls and compliance. Comet's internal audit function completed four audits in 2023 focusing on the corporate governance of subsidiaries as well as the design and effectiveness of operations. In addition, the internal audit function focused on strengthening the Group's processes in the areas of compliance and internal control and maintained Comet's global integrity hotline.

Risk management system
Risk management includes the annual evaluation of strategy by the Board of Directors and the assessment by the Executive Committee of insurance cover, of the general business risks and of the major balance sheet items. The approach to risk management is described in a risk strategy approved by the Board and is specified in a written risk management procedure for implementation by the Executive Committee. The significant risks in the individual business areas and departments are identified in quarterly working group sessions and systematically described and categorized in a risk matrix. The risks are assessed using a risk rating based on the probability of occurrence and the potential severity of loss, as well as by calculating potential absolute financial risk. For the risks classified as important, action plans are formulated to minimize the probability and/or potential severity of loss. The Group's Executive Committee regularly reviews the effectiveness of the actions taken and decides on a potential updating of the risk portfolio. Newly identified risks are added to the portfolio and action plans are formulated to manage them. Through separate reports, the Audit Committee at each of its meetings is kept advised of the current assessment of the Group's risks.

Internal control system

Comet operates a system of internal control (the "internal control system") to provide reliable internal and external financial reporting and to prevent false information and errors in business transactions. The internal control system provides the necessary processes and controls to ensure that risks relating to the quality of the company's financial reporting can be detected and managed in a timely manner. A review of the existence of the processes and controls of the implemented internal control systems is carried out by the external auditors annually.

In the fiscal year, where required, Comet further expanded, trained or documented the existing internal control system. The internal control system is in use at all levels of the enterprise and in all significant locations. The significant risks and controls are in accordance with the objectives and quality requirements established by the Board of Directors. The controls are integrated in the respective processes and are periodically tested for effectiveness, logical sense and efficiency. The introduction of a uniform, systematic process for risk detection and assessment has enhanced the reliability and completeness of bookkeeping and the timeliness and dependability of financial reporting.

Executive Committee

The Executive Committee – the Group's most senior management below the Board level – is responsible for the operational management of the Group within the powers delegated to it.

As of March 1, Joeri Durinckx joined as President of PCT, on August 1, 2023, Robert Leindl joined Comet as Chief Information Officer, and on October 17, 2023, Meike Boekelmann joined Comet as Chief Human Resources Officer. Further, Nicola Rotondo was appointed interim CFO effective September 1, 2023. André Grede, who is Chief Technology Officer and has been working at the Comet Group since 2015, joined the Executive Committee in 2023. Outgoing executives were Chief Information Officer Keighley Peters, who left the Comet Group on May 31, 2023, and CFO Elisabeth Pataki, who left the Comet Group on August 31, 2023. In the prior year, there were two departures of executive officers from the Comet Group: that of President of PCT Michael Kammerer on December 31, 2022 and that of CEO Kevin Crofton on August 31, 2022.

No member of the Executive Committee performed any consulting or third-party services for Comet Holding AG or any of its subsidiaries before their appointment to the Executive Committee.

As of December 31, 2023, the Group's Executive Committee had the following eight members. The information below outlines the education, significant professional experience and current position of each Executive Committee member. Where a place name is not followed by a country or state, the country is Switzerland.

Stephan Haferl
(b. 1972, Swiss and Norwegian citizen)
Chief Executive Officer since Sep. 1, 2022

Education
Dr. sc. tech. doctorate in mechanical and process engineering from ETH Zurich; Advanced Management Program, The Wharton School of the University of Pennsylvania, USA

Professional experience
2002 to 2007: various management positions at the Bartec Group, Sainte-Croix; from 2007: various management positions in Comet's X-Ray Technology business (VP of Supply Chain, VP of R&D, General Manager of Industrial X-Ray Technologies (IXT), President of X-Ray Modules division, Flamatt

Nicola Rotondo
(b. 1970, Swiss and Italian citizen)
Interim Chief Financial Officer since Sep. 1, 2023

Education
Executive Master of Controlling and Consulting, University of Applied Sciences in Bern (BFH); Executive Master of Marketing Management, University of Bern; Swiss Certified Expert for Accounting and Controlling

Professional experience
2001 to 2004: Specialist in Group Reporting at Ascom, Bern; 2004 to 2009: various senior Group controlling and accounting positions at Berna Biotech, Bern; 2010 to 2021: VP Group Controlling at Comet; from 2022: VP of Group Controlling and Accounting at Comet, Flamatt

André Grede
(b. 1979, German citizen)
Chief Technology Officer since Mar. 1, 2023

Education
Dipl. Ing. degree in electrical engineering with a specialization in radio frequency technology, from Berlin Institute of Technology (TU Berlin), Germany

Professional experience
2006 to 2011: Research Associate at the Chair of Electrodynamics at the Berlin Institute of Technology (TU Berlin), Germany; 2011 to 2015: Head of RF new development at Trumpf Hüttinger; 2015 to 2023: VP of Global R&D at Comet Plasma Control Technologies, Flamatt

Robert Leindl
(b. 1966, German citizen)
Chief Information Officer since Aug. 1, 2023

Education
Degree in electrical engineering and information technology from Technical University of Munich (TUM), Germany

Professional experience
2001 to 2023: various top management positions at Infineon Technologies, Munich, Germany, including, for the last 11 years, the position of Executive VP & CIO

Meike Boekelmann
(b. 1976, German citizen)
Chief Human Resources Officer since Oct. 17, 2023

Education
Master's degree in economics and social science, Leuphana University Lüneburg, Germany

Professional experience
2003 to 2015: various local, regional and global HR leadership positions (HR Manager; HR Manager, Geomarket Continental Europe; HR Director, Integrated Operations) at Baker Hughes based in Germany, the Netherlands, Italy and U.A.E.; 2015 to 2023: variety of global and regional HR leadership positions at Sulzer, including Global HR leader, Chemtech division based in Winterthur

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Michael Berger
(b. 1973, Swiss citizen)
President of X-Ray Modules division since Sep. 1, 2022

Education
Executive Master of Marketing Management, Bern University of Applied Sciences (BFH)

Professional experience
2003 to 2005: manager of the production department at Band Cooperative, Bern; 2005 to 2013: various executive management positions at Teltronic, Biberist; 2013 to 2018: Production Manager, X-Ray Technology, Comet; 2018 to 2022: VP of Operations of Industrial X-Ray Modules, Engineering and Supply Chain, Comet, Flamatt

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Dionys van de Ven
(b. 1968, Dutch citizen)
President of X-Ray Systems division since Jul. 1, 2022

Education
Master's degree in mechanical engineering, Eindhoven University of Technology, Eindhoven, Netherlands

Professional experience
2007 to 2017: Senior Director of Customer Programs, Service and R&D at Philips Healthcare, Hamburg, Germany; 2017 to 2021: Managing Director of Baker Hughes Digital Solutions GmbH, Cologne area, Germany; 2017 to 2020: Chief Technology Officer of Waygate Technologies, Cologne area, Germany; 2018 to 2020 member of the Board of Directors of GE Inspection Robotics, Zurich, Switzerland; 2020 to 2022: Executive Business Leader of x-ray business unit at Waygate Technologies, Germany

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Joeri Durinckx
(b. 1979, Belgian citizen)
President of Plasma Control Technologies division since Mar. 1, 2023

Education
Master's degree in Mechatronics from Group T International School, Leuven, Belgium

Professional experience
2001 to 2019: various positions including Director of Business Development, Semiconductor Services, North America & Europe at Applied Materials, Belgium; 2019 to 2023: at Kulicke & Soffa as VP of the EA/APMR and Lithography business units, Eindhoven, Netherlands

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Activities and interests outside the Group
Article 23 of the Articles of Association, which is compliant with article 734e of the Swiss Code of Obligations, specifies the allowable number of other external positions that members of the Executive Committee may hold on top management or supervisory bodies, as follows:

- Members of the Executive Committee may each not hold more than one external position on the top management or supervisory body of an exchange-traded (i.e., listed) company and not more than four such external positions in non-listed companies.
- Not more than ten such positions may be held in associations, non-profit foundations, family foundations and employee pension funds.
- Positions in companies controlled by Comet Holding AG, or positions controlled by it, are not subject to restriction.

Some members of the Executive Committee hold board positions at subsidiaries of the Group. In addition, Stephan Haferl was a board member of Belimed AG, Zug, Michael Berger was a board member of Band Cooperative, Bern, and Meike Boekelmann was a board member of the Pact for Skills. The other members of the Executive Committee did not hold positions outside Comet on management or supervisory bodies of significant Swiss or foreign private sector or public sector companies, institutions or foundations at the balance sheet date. Therefore, no member of the Executive Committee of Comet Holding AG exceeded any limits for additional positions.

Management contracts
As of December 31, 2023, Comet had not entered into any management contracts with companies or natural persons not belonging to the Group (prior year: nil).

Disclosure of potential conflicts of interest
No member of the Executive Committee had any material business relationships with Comet Holding AG or any of its subsidiaries in fiscal year 2022 or 2023. In the event of a potential or impending conflict of interest, the Executive Committee member concerned is required to inform the Chair of the Board of Directors immediately.

Compensation, shareholdings and loans

Information regarding compensation and loans relating to members of the Board of Directors and the Executive Committee are set out in the compensation report. Information on their shareholdings of Comet stock is disclosed in the separate financial statements of Comet Holding AG in note 6, "Disclosure of shareholdings of BoD/EC".

The Articles of Association can be found on the Company's website at www.comet-group.com/en/investors/downloads, where further information regarding say-on-pay is also provided.

Shareholders' participation rights

Shareholders' participation rights (such as rights with respect to voting and required quorums), are set down in the Swiss Code of Obligations, and this legal framework is supplemented by provisions in the Articles of Association of the Company. The Articles of Association can be found on the Company's website at https://www.comet-group.com/en/investors/downloads.

Voting rights restrictions and representation
Each share that is registered carries one vote, subject to the provisions on nominee shareholders in article 5 of the Articles of Association. The Board of Directors registers nominees as holding voting shares only up to a maximum of 5% of the capital stock recorded in the Swiss commercial register of companies. Further information is provided in the section "Capital structure"/"Limitations on transferability and nominee registration".

Proxy voting
At the Annual Shareholder Meeting, the shareholders elect an independent proxy. The term of office of the independent proxy is one year, ending at the conclusion of the next Annual Shareholder Meeting. Re-election for consecutive terms is permitted.

A shareholder may be represented at the Annual Shareholder Meeting by the independent proxy, by the shareholder's legal representative or – under a written power of attorney – by another shareholder entitled to vote. Powers of attorney and instructions may be given in writing or, to the independent proxy, may also be given electronically. The Board of Directors ensures that the shareholders have the opportunity to use electronic means to authorize and instruct the independent proxy.

Calling of the Annual Shareholder Meeting
The Annual Shareholder Meeting is called by the Board of Directors or, if necessary, by the independent auditors. Notice of the Annual Shareholder Meeting is sent to the shareholders of record by mail at least 20 days before the meeting date.

The notice of the Annual Shareholder Meeting states the day, time and place of the meeting, the agenda items as well as the proposals by the Board of Directors and, if applicable, names the shareholders who requested the Shareholder Meeting or the inclusion of a business item on the agenda, and states the nature of the shareholder proposal(s).

Inclusion of items on the agenda
Under the Articles of Association, shareholders representing at least 3% of the total capital stock outstanding at the time may request items of business to be included in the agenda. Shareholders' requests under article 699 para. 3 of the Swiss Code of Obligations to place business on the Meeting agenda, and the actual shareholder proposal involved, must be submitted to the Board of Directors in writing no later than 35 days before the Shareholder Meeting in question.

Entries in the share register
In accordance with article 11 of the Articles of Association, in the notice of the Shareholder Meeting the Board of Directors announces the record date (at which registration in the share register is required for participation in and voting at the meeting) and the details of the written and electronic proxies and instructions.

The share register is closed to new entries from the record date until and including the day of the Shareholder Meeting. No exception to this rule was made in the year under review nor at any previous Shareholder Meeting. Shareholders who sell their stock before the Shareholder Meeting are not entitled to vote the shares sold.

Further information is provided in the section "Capital structure"/"Limitations on transferability and nominee registration".

Changes of control and defense measures

Requirement to make a public tender offer
Under article 135 of the Financial Market Infrastructure Act (FinMIA), any party whose shareholding reaches 33 ⅓% or more of all voting rights must make a public tender offer. The Articles of Association of Comet Holding AG contain neither an opting-up clause nor an opting-out clause; this means that they neither raise this percentage threshold, nor waive the requirement of a tender offer.

Provisions on changes of control
With respect to members of the Board of Directors and the Executive Committee, there are no contractual obligations of unusually long duration, nor provisions for termination benefits, that would result from a change of control. Under the share-based compensation plan, the Board of Directors may in its discretion decide to early-terminate the holding period for the stock awarded as performance-based compensation. Except as otherwise required by law, in the event of an attempted change of control of Comet Holding AG, the holding period on stock ends when a public tender offer is validly made.

Auditors

Duration of the mandate and term of office of the lead auditor
The independent audit firm is appointed annually by the Annual Shareholder Meeting following a proposal submitted by the Board of Directors. Re-election is permitted.

Ernst & Young AG (EY), Switzerland, are the independent auditors of Comet Holding AG. The lead audit partner, Martin Mattes, has been responsible for the engagement since fiscal year 2021. The rotation cycle for the lead audit partner at EY is seven years.

In fiscal year 2022 Comet completed an audit tender with three of the big-four accounting firms participating. Ernst & Young AG (EY) was re-elected for fiscal year 2023 by the Annual Shareholder Meeting. The Board of Directors will propose to the Annual Shareholder Meeting to re-elect Ernst & Young AG (EY) as Comet's independent auditor for the annual term starting January 1, 2024.

Audit fees
The compensation of EY for services in connection with auditing the consolidated financial statements and as the independent audit firm for all Group companies amounted to CHF 589 thousand (prior year: CHF 382 thousand). In the prior year the total audit fees, including the other audit firms, amounted to CHF 484 thousand.

The audit fees are set annually upon discussion with the Audit Committee and are based on the audit scope at the individual Group companies, any special in-depth audits and the auditing of protection against specifically identified risks.

Additional fees
In the fiscal year, EY received the following compensation for consulting services in connection with accounting and tax matters:

In thousands of CHF	2023	2022
Audit-related consulting services	11	12
Tax consulting services	14	180
Total consulting services	**25**	**192**

Information instruments pertaining to the external audit
The Audit Committee of the Board of Directors annually reviews the performance, compensation and independence of the audit firm. The Committee also examines the scope of the independent audit, reviews action plans developed to resolve any issues identified in the audit and recommends candidate independent auditors to the Board to propose for election by the Annual Shareholder Meeting. The Board has not specified a fixed rotation cycle. In selecting the external auditors, particular importance is attached to independence and documented experience.

After the first six months of the year, the Audit Committee at its meeting discusses the unaudited half-year results with the independent auditors. In addition, the annual financial statements are planned and the auditing costs for the fiscal year are approved. Additional meetings are held as needed.

After the audit of the annual financial statements, the Audit Committee convenes for a meeting at which it discusses the audited annual report for the fiscal year with the independent auditors. The audit firm reports its findings on the basis of a comprehensive report to the Board of Directors and through the reports of the independent auditors to the Annual Shareholder Meeting.

Further information is provided in the section “Board of Directors”/“Audit Committee”.

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Compensation Report 2023

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01 Introduction

This compensation report has been prepared in accordance with the Swiss Code of Obligations, the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse, as well as the corporate governance reporting directive of the SIX Swiss Exchange (its Directive on Information Relating to Corporate Governance).

The compensation report discloses the compensation of the members of the Board of Directors and Executive Committee for fiscal years 2022 and 2023. The shareholdings of the Board and Executive Committee (disclosed in accordance with the Swiss Code of Obligations) are presented in the notes to the separate financial statements of Comet Holding AG within note 6, "Disclosure of shareholdings of the Board of Directors and Executive Committee". The expense for their compensation (disclosed in accordance with International Financial Reporting Standards) is presented in the consolidated financial statements of Comet Holding AG within note 30, "Compensation of the Board of Directors and Executive Committee".

02 Statutory provisions and compensation governance

02.1 Provisions that govern compensation

Compensation-related provisions are specified in the Articles of Association (which are published on the Group's website at https://comet.tech/en/investors/downloads) and implemented in corresponding Group regulations. Articles 20 to 24 of the Articles of Association govern compensation approval, the compensation of the Board of Directors and Executive Committee, the composition of performance-based compensation, and the terms of stock awards.

02.2 Shareholders' say on pay

Under the Swiss Code of Obligations and the Articles of Association of Comet Holding AG, the amounts of the respective aggregate compensation of the Board of Directors and Executive Committee require shareholder approval in a binding vote at the Shareholder Meeting. Under article 20 of the Articles of Association of Comet Holding AG, shareholders vote on the following:

- The maximum fixed compensation of the Board of Directors for the coming term of office (prospective vote);
- The maximum fixed compensation of the Executive Committee for the next fiscal year after the year of the Annual Shareholder Meeting (prospective vote);
- The maximum variable compensation of the Executive Committee for the next fiscal year after the year of the Annual Shareholder Meeting (prospective vote), if such compensation relates to multi-year compensation plans and the maximum value can be determined;
- The variable compensation of the Executive Committee for the last fiscal year before the year of the Annual Shareholder Meeting (retrospective vote).

The requirement of this binding voting provides shareholders an extensive say on pay.

03 Determination of compensation and compensation principles

03.1 Determination of compensation and compensation principles

The design, regular review and evaluation of the compensation system are the responsibility of the Nomination and Compensation Committee (NCC). The composition and responsibilities of the NCC are outlined in the corporate governance report.

Subject to the limits of the maximum aggregate amounts approved by the Annual Shareholder Meeting, the Board of Directors annually prepares the compensation proposals, as follows:

Decision on	CEO	NCC	Board of Directors	Shareholder Meeting
Compensation policy and guidelines under the Articles of Association		Proposes	Approves	Binding vote
Maximum aggregate compensation of the Board of Directors		Proposes	Reviews	Binding vote
Individual compensation of Board members		Proposes	Approves	
Fixed compensation of the CEO		Proposes	Approves	Binding vote as part of the prospective vote on the maximum aggregate fixed compensation of the Executive Committee
Fixed compensation of the other members of the Executive Committee	Proposes	Reviews	Approves	Binding vote as part of the prospective vote on the maximum aggregate fixed compensation of the Executive Committee
Long-term incentive plan of the CEO		Proposes	Approves	Binding vote as part of the prospective vote on the maximum aggregate variable compensation of the Executive Committee
Long-term incentive plan of the other members of the Executive Committee	Proposes	Reviews	Approves	Binding vote as part of the prospective vote on the maximum aggregate variable compensation of the Executive Committee
Profit-sharing plan of the CEO		Proposes	Approves	Binding vote as part of the retrospective vote on variable compensation (other than the long-term incentive plan) for the last fiscal year before the year of the Annual Shareholder Meeting
Profit-sharing plan of the other members of the Executive Committee		Proposes	Approves	Binding vote as part of the retrospective vote on variable compensation (other than the long-term incentive plan) for the last fiscal year before the year of the Annual Shareholder Meeting

On behalf of the Board of Directors, the external audit firm verifies whether the quantitative disclosures on compensation, loans and other credit made in the compensation report comply with the law and specifically with article 734 of the Swiss Code of Obligations.

03.2 Compensation of the Board of Directors

Compensation principles

Every year, the Board of Directors submits its proposal for the maximum aggregate amount of Board compensation to the Annual Shareholder Meeting for approval. The amounts of Board members' compensation are set to reflect the Comet Group's industry environment and are regularly reviewed against benchmarks representing small and mid-sized publicly traded companies with the support from external experts. The latest such review was performed in fiscal year 2021.

The compensation details are specified in a Board-approved compensation plan in the form of a set of regulations. The compensation consists of a combination of a base retainer and fees for committee work. This structure is consistent with standard market practice for companies listed on the SIX Swiss Exchange.

Structure of the compensation system
Overview of Board of Directors compensation structure:

In CHF (gross)

	Base retainer	**Fees for committee work**		**Flat expense allowance (additional)**
Function		**Chair of AC, NCC or TC**	**Member of AC, NCC or TC**	
Chair of the Board	250,000	–	–	12,000
Vice Chair of the Board	120,000	25,000	15,000	6,000
Member of the Board	100,000	25,000	15,000	5,000

The sum of the base retainer and fees for committee work is split into a cash portion of 60% and a stock portion of 40%. The reported compensation in section 4.1 includes the cash portion of the retainer, the value of the stock portion and, additionally, the actual employer contributions to social security plans. In addition, a flat expense allowance is provided, which is paid in cash. This allowance qualifies as reimbursement of expenses and is therefore not considered part of the compensation itself.

The Board members' normal term of office begins on the date following the day of the Annual Shareholder Meeting that elects them and ends on the date of the next Annual Shareholder Meeting. When a new member joins the Board of Directors, the compensation is paid on a pro-rated basis from the day of election. If a member leaves the Board before the end of a term, the retainer is calculated on a pro-rated basis to the date of departure. In the case of pro-rated retainers as well, 60% is paid in cash and 40% is paid in stock.

03.3 Compensation of the Executive Committee

Compensation principles
The compensation system is designed to attract and retain excellent management and specialist staff. Comet seeks to set compensation levels that reflect the individual levels of skills and responsibility in the Group and that bear comparison with other employers competing with Comet for talent. This aim is supported by a fair system of remuneration designed to match levels of pay offered by listed peer companies.

The compensation elements thus take into account short-term and long-term aspects of sustainable company performance and development. Comet believes that its remuneration architecture creates an effective link between compensation and performance that generates lasting value for shareholders.

The compensation of the Executive Committee is specified in Board-approved regulations. The CEO recommends the amounts of fixed compensation for the other Executive Committee members to the NCC. The NCC then prepares a specific proposal for the amounts of the individual fixed compensation of the CEO and each of the other Executive Committee members, for approval by the full Board of Directors. The NCC also bases its proposals on general experience and on levels of compensation at peer companies; the underlying benchmarking data is purchased from third party market data providers. The full Board of Directors periodically reviews, sets and approves the compensation levels, based on the proposal of the NCC. The latest full review of the compensation system of the Executive Committee was performed in fiscal year 2023 based on data from Korn Ferry, Willis Towers Watson and PricewaterhouseCoopers.

Every year, the Board of Directors submits its proposals for the aggregate amounts of Executive Committee compensation to the Annual Shareholder Meeting for approval, specifically:

- The maximum fixed compensation of the Executive Committee for the next fiscal year after the year of the Annual Shareholder Meeting (prospective vote);
- The maximum long-term variable compensation of the Executive Committee for the fiscal year after the year of the Annual Shareholder Meeting (prospective vote), if such compensation relates to multi-year compensation plans and the maximum value can be determined;
- The variable compensation of the Executive Committee for the last fiscal year before the year of the Annual Shareholder Meeting (retrospective vote)

In accordance with article 735a of the Swiss Code of Obligations and the Articles of Association, the Comet Group is authorized to pay an additional amount to new external members joining the Executive Committee during a period for which the Shareholder Meeting has already approved the compensation, if the already approved maximum aggregate amount is not sufficient to cover the compensation. The aggregate additional amount per compensation period must not exceed 40% of the approved maximum aggregate amount of compensation of the Executive Committee.

Structure of the compensation system

The remuneration of the members of the Executive Committee consists of fixed component (“fixed compensation”) and a performance-related component (“variable compensation"). The total compensation takes into account the recipient’s position and level of responsibility. The variable compensation of the Executive Committee members is structured as a short-term incentive plan (STIP) and a long-term incentive plan (LTIP). It is designed to heighten the commitment of the CEO and the other Executive Committee members to the Comet Group. The variable compensation is based on the regulations approved by the Board of Directors.

The STIP is a profit-sharing arrangement based on the Group’s performance in terms of the combination of (i) its rate of sales growth year-over-year and (ii) its net income. The STIP is paid in cash (with some exceptions, which are explained in the table below).

The new LTIP, which is in effect since January 1, 2023, is designed as a three-year performance share unit (PSU) plan based on three key performance indicators (ROCE; sales growth measured against the NASDAQ Global Semiconductor Index; ESG scorecard). PSUs convert into Comet shares at the end of the three-year vesting period, which commences on the grant date in May. The number of vested Comet shares ranges from 0% to 200% of the initial number of PSUs granted, depending on the achievement levels of the above-mentioned KPIs over the three-calendar-year performance cycle. The stock delivered under the LTIP does not have a holding period. The first payout will be in May 2026.

The relative level of entitlement of newly appointed Executive Committee members in the ongoing annual short-term incentive plan (STIP) was reduced in favor of a greater proportional contribution from the new long-term incentive plan (LTIP). For three members of the Executive Committee participating in the former LTIP, the shift will take place from 2025.

The compensation system for the members of the Executive Committee is structured as follows:

Type of compensation	Form of delivery	Purpose	Drivers
Fixed compensation	Monthly payment in cash	Pay for position	Nature and level of position, individual qualifications, market conditions
Short-term profit-sharing plan (STIP)	• Generally: Annual payment in cash • Members of the Executive Committee who participated in the former LTIP: Until 2025 annual payment in cash (two-thirds) and in stock (one-third) with a three-year holding period	• Generally: Profit-sharing based on corporate financial results • Members of the Executive Committee who participated in the former LTIP: Until 2025 profit-sharing based on corporate financial results and shareholder alignment	Corporate financial results in terms of profitable growth
Long-term incentive plan (LTIP)	Performance share units, which are converted into Comet shares after three years (without holding period)	• Alignment with long-term corporate targets • Retention of executive staff • Shareholder alignment	Over a three-year performance period: • Sales growth measured against the NASDAQ Global Semiconductor Index • Return on capital employed • ESG scorecard
Social benefits	Company pension, social security contributions, short-term disability and accident insurance	Risk protection	Local legislation and voluntary benefits in line with market
Flat expense allowance	Monthly payment in cash	Defraying of minor expenses	Local legislation, tax authorities
Other benefits, incl. benefits in kind	Costs paid directly by company or reimbursed in cash	Pay for position	Local market practice

Caps

There are individual upper limits on the total variable compensation of the CEO and the other members of the Executive Committee. The upper limit caps the individual's combined compensation under the STIP (profit-sharing) and LTIP. For the CEO this maximum (the upper limit for the combined total of STIP actual compensation and the LTIP grant value in the form of PSUs) is 200% of the fixed compensation. For each of the other members of the Executive Committee, this maximum (the upper limit for the combined total of STIP actual compensation and the LTIP grant value in the form of PSUs) is 150% of the fixed compensation.

The members of the Executive Committee have employment agreements with a notice period of not more than six months. There is no entitlement to hiring bonuses or termination benefits of any kind.

Fixed compensation
All members of the Executive Committee receive fixed compensation that is paid monthly, as well as a flat expense allowance. The fixed compensation is determined by the individual's amount of responsibility, role, performance, experience, skills, and by local market conditions. These elements of compensation are paid in cash.

Short-term profit-sharing compensation (STIP)
In addition to the fixed compensation, the Executive Committee members are eligible for annual profit-sharing compensation (this represents the STIP). The total pool of profit-sharing compensation is calculated as a percentage of the Group's consolidated net income. This percentage rate is dependent upon the Group's rate of sales growth compared with the prior year. For fiscal year 2023, the percentage of Group net income was determined according to the following model, unchanged from fiscal year 2022:

Sales growth	Percentage of net income
Less than 5%	15%
5%–15%	Linear increase between 15% and 25%
More than 15%	25%

In fiscal year 2023, 15.0% of the Group's total consolidated net income (after profit-sharing) was accrued for distribution as short-term profit-sharing compensation (prior year: 24.0%).

The members of the Executive Committee and all employees eligible for profit-sharing are assigned to one of five compensation groups. These five groups consist of the CEO, the other members of the Executive Committee, and, subdivided into three groups, the other eligible employees. Each compensation group is assigned a different multiplier. The multipliers are set by the Board of Directors of Comet Holding AG. The product of this multiplier and the gross annual base salary determines the respective share assigned to the individual member of the Executive Committee or individual other employee in the allocation of the total profit-sharing pool. The individual share of the total profit-sharing pool is calculated using the following model:

a) Calculation of individual's percentage share of total profit-sharing pool

$$\textbf{Percentage share of an employee in the total amount of profit-sharing} = \frac{\textbf{Annual gross salary} \times \textbf{Multiplier}}{\textbf{Sum of weighted gross salaries}^{1}}$$

[1] The sum of the weighted gross salaries is equal to the sum of the gross salaries of all STIP eligible employees weighted by the corresponding multipliers

b) Calculation of individual profit-sharing amount

$$\textbf{Individual profit-sharing} = \textbf{Percentage share} \times \textbf{Total amount of profit-sharing that is actually distributed}$$

At least 80% of the profit-sharing pool is allocated among the members of the Executive Committee and all employees, using a general allocation formula. Up to an aggregate maximum of 20% of the profit sharing pool may be allocated selectively to individual members of the Executive Committee or individual other employees, using an individual allocation formula. This is to enable the Board and the CEO to recognize individual performance distinctively. Performance is evaluated by the Board and CEO at the end of the fiscal year and a decision is made on whether to allocate part or all of the 20% individual allocation pool to individual employees. Any unused portion of the individual allocation pool is also distributed by the general allocation formula. The Board of Directors did not allocate any of the 20% individual allocation pool in the year under review.

A precondition for paying any profit-sharing compensation is that, after the accrual of this distribution, the Group must still be able to report positive consolidated net income. Executive Committee members, or other employees, who join Comet intra-year participate in profit-sharing on a pro-rated basis. In the event of intra-year termination of the employment relationship, payment is made on a pro-rated basis, subject to prevailing termination conditions as applicable in the respective country. Any payment to the CEO and to the other members of the Executive Committee must be approved by the Board and is only made after ratification by the shareholders at the Annual Shareholder Meeting as part of the binding retrospective vote on the short-term variable compensation of the Executive Committee, and after shareholders' approval of the consolidated financial statements.

Long-term profit-sharing compensation (LTIP)
Effective January 1, 2023, a new long-term incentive plan (LTIP) was introduced to foster long-term profitable growth, sustainability, shareholder return, and executive retention. It offers equity-based performance-driven rewards to the CEO, other members of the Executive Committee, and selected key employees across the Comet Group, thus reinforcing their focus on executing our strategy and aligning their interests with our objective of enhancing shareholder value.

The LTIP uses performance share units (PSUs), which are granted to eligible employees with specific performance conditions that result in a potential vesting into Comet shares after three years.

PSUs are granted once a year after the AGM. The number of granted PSUs is calculated by dividing the participant's individual grant value by a 20-day average closing Comet share price preceding the grant. In 2023, the LTIP grant value corresponded to 64% of the base salary for the CEO and was between 38% and 39% of the base salary for other members of the Executive Committee.

At the conclusion of the three-year vesting period, granted PSUs are converted into Comet's shares, contingent upon the satisfaction of predefined service and performance criteria. Failure to meet the service condition due to termination of employment during the three-year vesting period results in partial or full forfeiture of the granted PSUs.

The achievement of three specific performance objectives over a prospective performance period of three years determine the number of shares to be converted per PSU at the vesting date:

- Sales growth vs. NASDAQ GSOX Semiconductor Index weighted with 33%,
- ROCE weighted with 34%, and
- ESG performance (scorecard) weighted with 33%.

The performance targets for each performance measure are defined so as to encourage high performance while providing a realistic performance-related opportunity for vesting. The particular performance levels for threshold (no PSUs convert into Comet shares), target (target number of PSUs convert into Comet shares), and cap (twice the target number of PSUs convert into Comet shares) for each measure are recommended by the NCC and approved by the Board of Directors in line with the strategic goals of the Comet Group.

Achievement is assessed independently for each performance measure. However, the combined total of PSUs converted into Comet shares can never exceed twice the number of PSUs initially granted. Every one vested PSU converts into one Comet share. Further, if performance of all three measures remains below the respective thresholds, the resulting combined conversion multiple is zero and consequently no PSUs will vest.

For the 2023 LTIP, the performance period started on January 1, 2023 and ends on December 31, 2025. The vesting curves for financial performance measures were set as follows:

Performance measure	**Threshold (no vesting)**	**Target (target number of PSUs converted to Comet shares)**	**Cap (twice the target number of PSUs converted to Comet shares)**
Annual sales growth measured against the NASDAQ Global Semiconductor Index (GSOX) over the three-year period	25th percentile	50th percentile	75th percentile
		Linear interpolation between these levels	
Average annual ROCE over the three-year period	87% of target	100% target as set by the Board*	113% of target
		Linear interpolation between these levels	

* 100% target ass et by the Board of Directors with reference to the mid-term plan.

The ESG performance is encapsulated within the ESG scorecard, which comprises objectives that are equally weighted across environmental and social criteria. The environmental criteria are tied to Comet's commitment to actively manage its Scope 1 and Scope 2 emissions through obtaining site certifications and aiming for a significant proportion of the company's total energy consumption to come from renewable sources. On the social side, the objectives are centered around enhancing employee well-being, as evidenced by the rate of voluntary turnover, and promoting diversity within leadership, specifically through achieving a balanced gender representation in management positions. Similar to financial metrics, specific threshold, target, and cap performance levels that are aligned with the company's strategic goals were set for each ESG objective by the Board of Directors following the NCC recommendations.

Vesting conditions are based on the following parameters (schedule: cliff vesting):

Reason for termination	Consequence
Termination by employer for cause (article 337 CO)	Forfeiture of any unvested PSUs
Voluntary termination	• Generally, forfeiture of any unvested PSUs • Exception handling: In cases of justified exceptions for good reason[1], the NCC may, in order to reflect the effective service period, recommend to the BoD a pro-rata reduction of the number of PSUs granted (regular vesting date and performance measurement apply)
Retirement	The number of PSUs is reduced proportionally based on the number of whole months that have elapsed since the last working day until the end of the vesting period in relation to the length of the entire vesting period (regular vesting date and performance measurement apply)
Death, permanent disability or permanent incapacity to work due to illness	Early vesting as of the contractual termination date, with the performance factor set at 100% (no performance measurement)
Change of control (CoC)	The number of PSUs is reduced pro rata based on the change-of-control date, to reflect the effective service period (100% vesting, no performance measurement)
Termination by employer for other reasons	The number of PSUs is reduced proportionally based on the number of whole months that have elapsed since the last working day until the end of the vesting period in relation to the length of the entire vesting period (regular vesting date and performance measurement apply)

[1] Examples of good reason: Voluntary resignation upon early retirement, disability, or incapacity to work due to illness

03.4 Compensation system for employees below the Executive Committee level

Compensation principles
The compensation systems for the Board of Directors and the Executive Committee are covered in separate sections above.

The compensation system for Comet's other employees has two main elements: All employees receive fixed compensation, and employees eligible for profit-sharing under the STIP may earn a performance-based pay component.

Structure of the compensation system

Fixed compensation
All employees receive fixed compensation that is paid monthly in cash. The fixed compensation is determined by the individual's amount of responsibility, role, performance, experience, skills, and by local market conditions.

STIP
The calculation of an individual's effective profit-sharing compensation is based on that portion of the total profit-sharing pool which has been allocated by the general allocation formula. In addition to that general portion, the Board of Directors may award an individual share of profit. The STIP is settled in cash.

04 Disclosure of compensation and external positions of the Board of Directors and Executive Committee

The following disclosures represent all compensation of the members of the Board of Directors and Executive Committee and their related parties[1] for fiscal years 2022 and 2023, disclosed in accordance with articles 732 et seq. of the Swiss Code of Obligations for companies whose shares are listed on a stock exchange. Further details on the included individuals and their positions in the Group are provided in the corporate governance report within this annual report.

[1] Related parties, if any, are persons outside Comet who are related to members of the Board of Directors or Executive Committee within the meaning of article 678 of the Swiss Code of Obligations by virtue of close personal or economic ties in law or in fact.

04.1 Members of the Board of Directors

The compensation of the Board of Directors is set at the Annual Shareholder Meeting for a period of one year. The Board's term of office, and therefore its annual compensation period, do not match the fiscal year.

The Annual Shareholder Meeting prospectively approves the Board's compensation for a period of one year ending at the subsequent Annual Shareholder Meeting. The following tables show the actual compensation for the Board of Directors for fiscal year 2023 and 2022. As can be seen from the tables, the Board compensation for the term of office ending at the 2023 Annual Shareholder Meeting will be within the maximum aggregate amount approved by the Annual Shareholder Meeting in 2022. The aggregate amount of the Board's compensation in 2023 is higher than in the prior fiscal year due to the increased number of Board members and an increase in compensation per Board member effective April 15, 2022.

Fiscal years 2022 and 2023 (audited table)

In CHF (gross)	Total cash compensation[1]	Stock compensation[2]	**Total before social security contributions**	Social security contributions[3]	**Total compensation in fiscal year 2023**	**Total compensation in fiscal year 2022**
Jan. 1, 2023 to Apr. 14, 2023						
Gian-Luca Bona, member of the Board	23,934	15,956	**39,890**	3,777	**43,667**	**135,800**
Jan. 1, 2023 to Dec. 31, 2023						
Heinz Kundert, Chair	148,265	98,844	**247,109**	—	**247,109**	**235,122**
Mariel Hoch, Vice Chair	85,994	57,329	**143,323**	12,862	**156,185**	**139,613**
Patrick Jany, member of the Board	74,133	49,422	**123,554**	—	**123,554**	**124,363**
Tosja Zywietz, member of the Board	80,865	53,910	**134,775**	—	**134,775**	**107,164**
Edeltraud Leibrock, member of the Board	74,534	49,689	**124,223**	—	**124,223**	**78,839**
Apr. 15, 2023 to Dec. 31, 2023						
Irene Lee, member of the Board	42,210	28,140	**70,350**	6,661	**77,011**	**–**
Paul Boudre, member of the board	59,094	39,396	**98,491**	9,325	**107,816**	**–**
Total	**589,029**	**392,686**	**981,716**	**32,625**	**1,014,341**	**820,901**

Total Board compensation prospectively approved at the Annual Shareholder Meeting on April 14, 2022 and April 22, 2021, respectively	**1,150,000**	**970,000**
The total compensation paid to members of the Board of Directors (for the period from the Annual Shareholder Meeting to the year-end) plus estimated amounts yet to be paid in the following fiscal year (for the period from January to the next Annual Shareholder Meeting) are within the maximum aggregate amount approved by the Annual Shareholder Meeting indicated above	**YES**	**YES**

1 The compensation consists of a fixed retainer; 60% of it is paid in cash and disclosed in this item. Amounts represent exact proportional compensation, based on approved compensation in election periods 2022 and 2023.

2 This item represents 40% of the fixed retainer which is paid in stock. The actual transfer of the stock occurs in the subsequent year. The stock is subject to a holding period of three years from the date of the award, during which it cannot be sold. Amounts represent exact proportional compensation, based on approved compensation in election periods 2022 and 2023.

3 This item represents employer contributions to social security plans and to the family allowance fund. No pension fund contributions, short-term disability insurance premiums or accident insurance premiums are paid.

In 2023, no payments were made to former members of the Board of Directors except as listed in the table above.

Activities and interests outside the Group

Article 23 of the Articles of Association (which are compliant with article 734e of the Swiss Code of Obligations) specifies the allowable number of other, external positions that members of the Board of Directors may hold on top management or supervisory bodies, as follows:

- Members of the Board of Directors may each not hold more than five external positions on top management or supervisory bodies of listed (i.e., exchange-traded) companies and not more than seven such external positions in non-listed companies.
- Members of the Board of Directors or Executive Committee may each not hold more than ten such positions in associations, non-profit foundations, family foundations and employee pension funds.
- Positions in companies controlled by Comet Holding AG, or positions controlled by it, are not subject to restriction.

In fiscal year 2022 and 2023, no member of the Board of Directors exceeded any limits for additional positions held. At December 31, 2023, the members of the Board of Directors had the following additional positions on top management or supervisory bodies of significant Swiss and foreign private sector and public sector companies, institutions and foundations:

Heinz Kundert

Board member, Variosystems AG, Steinach; Board Chairman, VT5 Acquisition Company AG, Pfäffikon; owner, Kundert Consulting Establishment, Schaan, Liechtenstein

Mariel Hoch

Board member and member of the audit and risk committee and chairwoman compensation committee, SIG Group AG, Neuhausen am Rheinfall; Board member and member of the audit committee, Komax Holding AG, Dierikon; Board member, MEXAB AG; Board member, The Schörling Foundation, Lucerne; Board member, Law & Economics Foundation, St. Gallen; Board member, Irene M. Staehelin Stiftung (a foundation), Zurich; Board member, Orpheum, Stiftung zur Förderung junger Solisten (a foundation), Zurich

Tosja Zywietz

Board member, Alupak AG, Belp; Board member, Mahr GmbH, Göttingen, Germany; Chairman, Upwind Sports GmbH, Traunstein, Germany; Board member, SECO S.p.A., Arezzo, Italy; Supervisory Board member, TechInvest Holding AG, Munich, Germany; CEO, Azienda Agricola Cantina La Cava Soc. Agr. a.r.l., Riparbella, Italy; Chairman, Stiftung Traunstein, Traunstein, Germany

Edeltraud Leibrock

Supervisory Board member, ALH Group, Oberursel, Germany; Advisory Board member, Artificial Intelligence Center Hamburg (ARIC), Hamburg, Germany; Supervisory Board member – Deputy Chair, Baufi24 Baufinanzierung AG, Hamburg, Germany; Advisory Board member, Bilthouse GmbH, Hamburg, Germany; Advisory Board member, Loanboox GmbH, Zurich; Advisory Board member, Suntrace GmbH, Hamburg, Germany; Advisory Board member, Fraunhofer Alumni e.V., Germany; Advisory Board member, Neoshare AG, Munich, Germany

Irene Lee

Board member, JEP Holdings Ltd, Singapore; Board member, Key Point (Singapore) Pte Ltd, Singapore; Board member, Amethyst Micrometric (Singapore) Pte Ltd, Singapore

Paul Boudre

Board member, Alphawave IP, London, United Kingdom; Chairman of the Board, Unity Semiconductor, Montbonnot-Saint-Martin, France

04.2 Current and former members of the Executive Committee (including related parties)

A total of 12 persons served as Executive Committee members during fiscal year 2023 (including three interim members). On average for the fiscal year, this represented 7.0 full-time equivalents (prior year: 6.0). The total compensation of the current and former members of the Executive Committee, as well as the highest individual compensation, are presented in the table below. Former members of the Executive Committee are those members who were partly active during 2023, but no longer active as of the year-end, and received compensation in the respective fiscal year.

Fiscal year 2023 (audited table)

In CHF (gross)	Current Executive Committee members[1]	Former Executive Committee members	**Total, Executive Committee**	**Of which Stephan Haferl (CEO)**
Fixed compensation (cash)[2]	1,924,553	413,981	**2,338,534**	**500,000**
Short-term incentive compensation (STIP, cash)[3]	204,373	37,572	**241,945**	**77,689**
Short-term incentive compensation (STIP, stock)[4]	62,261	14,895	**77,156**	**38,845**
Long-term incentive compensation (LTIP, PSUs)[5]	84,149	—	**84,149**	**31,709**
Subtotal	**2,275,336**	**466,448**	**2,741,784**	**648,243**
Other benefits, incl. benefits in kind[6]	34,374	—	**34,374**	**—**
Employer contributions to social security plans[7]	266,404	46,075	**312,479**	**84,067**
Retirement benefits[8]	282,061	56,724	**338,785**	**101,263**
Total compensation to members of the Executive Committee	**2,858,175**	**569,247**	**3,427,422**	**833,573**

1 The composition of and changes in the Executive Committee membership are presented in the corporate governance report. The above items also include remuneration of interim members of the Executive Committee.

2 For their work, the members of the Executive Committee receive a fixed compensation component, which is paid in cash. This item also includes any other, one-time cash compensation, such as length-of-service awards.

3 This item represents the portion of the STIP compensation paid in cash for 2023, which is calculated based on the criteria of the compensation system. The actual payment occurs in the respective subsequent year.

4 This item represents the portion of the STIP remuneration for 2023 paid out in shares. The shares are effectively drawn in the following year, with the number of shares calculated based on the average value of the shares in the period between the publication of the annual result and the Annual Shareholder Meeting. The shares are subject to a lock-up period of three years from the grant date.

5 This item represents the accounting expense of performance share units (PSUs) awarded under the LTIP 2023 – 2025 in 2023. The PSUs will vest in the form of Comet shares after three years from the grant date (i.e., in May 2026). Every one PSU entitles the holder to one Comet share. The number of Comet shares vesting in 2026 can vary between 0% and 200% of the initially awarded PSUs depending on the underlying key performance indicators.

6 This item represents the annual cost of a company car for one Executive Committee member and the contribution towards temporary housing for another Executive Committee member.

7 This item represents employer contributions to the old age and survivors (AHV) and unemployment insurance plans (ALV), to the family allowance fund (FAK) and to the short-term disability insurance and accident insurance plans.

8 This item represents employer contributions to the employee pension plans.

Fiscal year 2022 (audited table)

In CHF (gross)	Current Executive Committee members [1]	Former Executive Committee members [2]	**Total, Executive Committee**	**Of which K. Crofton (CEO)**
Fixed compensation (cash) [3]	1,585,869	632,418	**2,218,288**	**632,418**
Short-term incentive compensation (STIP, cash) [4]	1,314,022	722,495	**2,036,518**	**722,495**
Short-term incentive compensation (STIP, stock) [5]	657,011	361,248	**1,018,259**	**361,248**
Long-term incentive compensation (LTIP, stock) [6]	160,281	—	**160,281**	**—**
Subtotal	**3,717,183**	**1,716,162**	**5,433,345**	**1,716,162**
Other benefits, incl. benefits in kind [7]	6,114	22,489	**28,603**	**22,489**
Employer contributions to social security plans [8]	323,559	153,460	**477,018**	**153,460**
Retirement benefits [9]	248,897	135,071	**383,968**	**135,071**
Total compensation to members of the Executive Committee	**4,295,753**	**2,027,181**	**6,322,934**	**2,027,181**

1 The composition of and changes in the Executive Committee membership are presented in the corporate governance report.
2 The employment contract of Kevin Crofton, the outgoing CEO, ended as of November 30, 2022.
3 For their work, the members of the Executive Committee receive a fixed compensation component, which is paid in cash. This item also includes any other, one-time cash compensation, such as length-of-service awards.
4 This item represents the portion of the STIP compensation paid in cash for 2022, which is calculated based on the criteria of the compensation system. The actual payment occurs in the respective subsequent year.
5 This item represents the portion of the STIP compensation paid in stock for 2022. The actual transfer of the stock occurs in the respective subsequent year and is disclosed at the execution price (the average share price in the period between publication of the annual results and the Annual Shareholder Meeting). The stock is subject to a holding period of three years from the date of the award, during which it cannot be sold.
6 This item represents the LTIP compensation awarded for 2022, all of which is paid in stock. The actual transfer of the stock occurs in the respective subsequent year. The shares are disclosed at the execution price (the average share price in the period between publication of the annual results and the Annual Shareholder Meeting).
7 This item represents the annual cost of public ground transportation for certain members of the Executive Committee for 2022 and tax advisory services for former Executive Committee members.
8 This item represents employer contributions to the old age and survivors (AHV) and unemployment insurance plans (ALV), to the family allowance fund (FAK) and to the short-term disability insurance and accident insurance plans.
9 This item represents employer contributions to the employee pension plans.

Activities and interests outside the Group

Article 23 of the Articles of Association (which are compliant with article 734e of the Swiss Code of Obligations) specifies the allowable number of other external positions that members of the Executive Committee may hold on top management or supervisory bodies as follows:

- Members of the Executive Committee may each not hold more than one external position on the top management or supervisory body of a listed (i.e., exchange-traded) company and not more than four such external positions in non-listed companies
- Not more than ten such positions may be held in associations, nonprofit foundations, family foundations and employee pension funds
- Positions in companies controlled by Comet Holding AG, or positions controlled by it, are not subject to restriction.

Some members of the Executive Committee hold board positions at subsidiaries of the Group. In addition, as of December 31, 2023, Stephan Haferl was a board member of Belimed AG, Zug, Michael Berger was a board member of Band Cooperative, Bern Meike Boekelmann was a board member of the Pact for Skills. The other members of the Executive Committee did not hold positions outside Comet on management or supervisory bodies of significant Swiss or foreign private sector or public sector companies, institutions or foundations at the balance sheet date. Therefore, no member of the Executive Committee of Comet Holding AG exceeded any limits for additional positions.

04.3 Shareholders' say on pay regarding Executive Committee compensation and compensation mix

The next two tables present a breakdown of the prospectively approved fixed compensation and the retrospectively approved variable compensation of the Executive Committee members by the Annual Shareholder Meeting. For fiscal years 2023 and 2022, the fixed compensation was within the maximum aggregate amount approved by the Annual Shareholder Meeting. In addition, the third table below provides an overview of the compensation mix for fiscal years 2023 and 2022.

In CHF (gross)	Total, Executive Committee	
	2023	2022
Fixed compensation		
Fixed compensation – cash portion	2,338,534	2,218,288
Employer contribution to social security and retirement plans that is based on fixed compensation and other benefits, incl. benefits in kind	630,144	594,790
Total fixed compensation	**2,968,678**	**2,813,078**
Total maximum fixed compensation prospectively approved by the preceding Annual Shareholder Meeting	3,500,000	3,500,000
Within the pre-approved limit	**YES**	**YES**

In CHF (gross)	Total, Executive Committee	
	2023	2022
Variable compensation		
Short-term incentive compensation (STIP) – cash portion	241,945	2,036,518
Short-term incentive compensation (STIP) – stock portion	77,156	1,018,259
Long-term incentive compensation (LTIP) – stock[1]	84,149	160,281
Employer contribution to social security and retirement plans that is based on variable compensation	55,494	294,799
Total variable compensation	**458,744**	**3,509,856**
Total variable compensation retrospectively approved by the subsequent Annual Shareholder Meeting		3,509,856

[1] The amount for 2022 represents the payout under LTIP 2022. The amount for 2023 represents the year-end accounting expense under LTIP 2023 – 2025.

In CHF (gross)	**Total, Executive Committee**	**Highest-paid member of the Executive Committee**	Total, Executive Committee	Highest-paid member of the Executive Committee
	2023	**2023**	2022	2022
Total compensation to members of the Executive Committee	**3,427,422**	**833,574**	**6,233,934**	**2,027,181**
Total fixed compensation in % of total compensation	87%	80%	44%	42%
Total variable compensation in % of total compensation	13%	20%	56%	58%
Variable compensation paid in cash in % of total STIP/LTIP variable compensation (excl. social security/retirement benefits)	60%	52%	63%	67%
Variable compensation paid in stock in % of total STIP/LTIP variable compensation (excl. social security/retirement benefits)	40%	48%	37%	33%

04.4 Supplementary information on compensation

In fiscal year 2023, no signing bonuses were paid to present or former members of the Board of Directors or of the Executive Committee (prior year: nil). No termination benefits were granted or paid (prior year: nil).

In fiscal 2023, no transactions with related parties were recorded and no interim management contracts were in place (prior year: nil).

No loans or other credits were granted to members of the Board of Directors or Executive Committee in the year under review (prior year: nil). No loans or other credits were outstanding at the balance sheet date (prior year: nil). As well, Comet did not provide any guarantees or other security in the year under review (prior year: nil).

No material changes related to compensation have occurred after the balance sheet date of December 31, 2023.

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

As of December 31, 2023, the members of the Board of Directors and Executive Committee held a combined total of 0.3% of the outstanding shares of Comet Holding AG (prior year: 0.2%).

A detailed analysis of the shareholdings of the members of the Board of Directors and Executive Committee is presented in the notes to the separate financial statements of Comet Holding AG, in note 6, “Disclosure of shareholdings of the Board of Directors and Executive Committee”.

06 Proposals to the 2024 Annual Shareholder Meeting for compensation of the Board of Directors and Executive Committee

At the 2024 Annual Shareholder Meeting, the Board of Directors will propose the resolutions for the compensation of the Board and the Executive Committee.

The detailed proposals and the supporting reasoning will be delivered to shareholders with the notice of the 2024 Annual Shareholder Meeting.

07 Compensation outlook for 2024

With the implementation of an update of the short-term incentive plan (STIP) in 2024, the entire profit sharing pool will be directly distributed to the employees according to the plan rules. The Board of Directors will no longer have the authority to allocate up to 20% of the profit sharing pool to selected individual members of the Executive Committee or individual employees.

The implementation of a company wide aligned job grading will support Comet’s ability to pay compensation according to market rates and offer transparent career progression paths.

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To the General Meeting of
Comet Holding AG, Flamatt

Berne, 1 March 2024

Report of the statutory auditor on the audit of the compensation report

Opinion
We have audited the compensation report of Comet Holding AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked “audited table” on pages 68 and page 70 to 71 of the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying compensation report complies 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 compensation report” 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.

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 tables marked ”audited table” in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report 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 compensation report
The Board of Directors is responsible for the preparation of a compensation report 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 a compensation report that is free from material misstatement, whether due to

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fraud or error. It is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibilities for the audit of the compensation report
Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is 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 this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Martin Mattes (Qualified Signature)	Cristina Zimmermann (Qualified Signature)
Licensed audit expert (Auditor in charge)	Licensed audit expert

Enclosures
- Compensation report

Comet Group Consolidated Financial Statements

Contents

The complete 2023 consolidated financial statements (including the notes) are also available online at www.comet-group.com/en/investors

Consolidated statement of income

In thousands of CHF	Note	2023	%	2022	%
Net sales	3	397,453		586,395	
Cost of sales		(234,527)		(324,761)	
Gross profit		**162,926**	**41.0%**	**261,633**	**44.6%**
Other operating income	5	7,843	2.0%	4,899	0.8%
Development expenses	7	(60,712)	– 15.3%	(63,766)	– 10.9%
Marketing and selling expenses		(45,725)	– 11.5%	(54,687)	– 9.3%
General and administrative expenses		(39,354)	– 9.9%	(49,105)	– 8.4%
Operating income		**24,978**	**6.3%**	**98,975**	**16.9%**
Interest income	9	1,632	0.4%	440	0.1%
Interest expenses	9	(2,214)	– 0.6%	(1,715)	– 0.3%
Other financial expenses	9	(178)	– 0.0%	—	0.0%
Net gains or (losses) on derivative fair value	9	1,791	0.5%	(192)	– 0.0%
Net losses on foreign exchange	9	(7,014)	– 1.8%	(2,140)	– 0.4%
Income before tax		**18,994**	**4.8%**	**95,368**	**16.3%**
Income tax	10	(3,606)	– 0.9%	(17,259)	– 2.9%
Net income		**15,388**	**3.9%**	**78,109**	**13.3%**
Earnings per share in CHF, diluted and basic	11	1.98		10.05	
Operating income		**24,978**	**6.3%**	**98,975**	**16.9%**
Depreciation, amortization and impairment	8	20,018	5.0%	19,939	3.4%
EBITDA		**44,996**	**11.3%**	**118,913**	**20.3%**

Consolidated statement of comprehensive income

In thousands of CHF	Note	2023	2022
Net income		15,388	78,109
Other comprehensive income			
Foreign currency translation differences		(14,981)	(5,000)
Total items that will be reclassified to the income statement on realization		**(14,981)**	**(5,000)**
Actuarial gains or (losses) on defined benefit plans	24	(6,448)	10,886
Income tax	10	827	(1,483)
Total items that will not subsequently be reclassified to the income statement		**(5,622)**	**9,404**
Total other comprehensive income or (loss)		**(20,603)**	**4,404**
Total comprehensive income		**(5,215)**	**82,513**

Consolidated balance sheet

In thousands of CHF	Note	Dec. 31, 2023	%	Dec. 31, 2022	%
Assets					
Cash and cash equivalents		86,707		125,945	
Trade and other receivables	12	64,812		89,103	
Other assets	13	677		1,303	
Tax receivables		3,645		501	
Inventories	14	103,430		122,468	
Prepaid expenses	15	5,763		5,441	
Total current assets		**265,035**	**56.0%**	**344,761**	**61.9%**
Property, plant and equipment	16	128,398		119,968	
Right-of-use assets	17	26,400		32,401	
Intangible assets	18	36,555		38,904	
Other assets – non-current financial assets	13	2,239		2,826	
Deferred tax assets	10	14,951		17,940	
Total non-current assets		**208,543**	**44.0%**	**212,039**	**38.1%**
Total assets		**473,578**	**100.0%**	**556,801**	**100.0%**
Liabilities and shareholders' equity					
Current lease liabilities	17	3,528		3,955	
Trade and other payables	21	29,275		40,917	
Contract liabilities	3	17,345		16,609	
Other financial liabilities	13	—		11	
Tax payables		4,661		17,368	
Accrued expenses	22	17,100		42,188	
Current provisions	23	6,009		6,955	
Total current liabilities		**77,919**	**16.5%**	**128,002**	**23.0%**
Non-current debt	20	59,767		59,669	
Non-current lease liabilities	17	32,219		34,242	
Non-current provisions	23	255		973	
Employee benefit liabilities	24	6,794		1,707	
Deferred tax liabilities	10	533		676	
Total non-current liabilities		**99,568**	**21.0%**	**97,267**	**17.5%**
Total liabilities		**177,486**	**37.5%**	**225,269**	**40.5%**
Capital stock	25	7,774		7,774	
Capital reserve		2,986		3,005	
Treasury stock		(491)		—	
Retained earnings		334,941		354,890	
Foreign currency translation differences		(49,118)		(34,137)	
Total equity attributable to shareholders of Comet Holding AG		**296,092**	**62.5%**	**331,532**	**59.5%**
Total liabilities and shareholders' equity		**473,578**	**100.0%**	**556,801**	**100.0%**

Consolidated statement of cash flows

In thousands of CHF	Note	**2023**	2022
Net income		15,388	78,109
Income tax	10	3,606	17,259
Depreciation, amortization and impairment	8	20,018	19,939
Net interest expense	9	760	1,275
Share-based payments		629	1,242
Losses on disposal of property, plant and equipment		34	60
Losses on disposal of intangible assets		12	—
Other non-cash (income) or expense		2,394	(166)
Change in provisions	23	(1,164)	1,026
Change in other working capital		(2,629)	(41,648)
Taxes paid		(16,791)	(12,689)
Net cash provided by operating activities		**22,257**	**64,407**
Purchases of property, plant and equipment	16	(24,450)	(20,681)
Purchases of intangible assets	18	(1,963)	(2,072)
Disposals of property, plant and equipment	16	956	204
Purchases of other assets		(544)	(772)
Disposals of other assets		1,175	293
Lease payments received	13	352	353
Interest received	9	1,632	440
Net cash (used in) investing activities		**(22,841)**	**(22,234)**
Repayment of lease liabilities	17	(3,949)	(4,338)
Lease incentive	17	3,105	3,530
Interest paid		(2,293)	(1,618)
Repurchase of treasury stock		(1,949)	—
Dividend payment to shareholders of Comet Holding AG	33	(28,764)	(27,193)
Net cash (used in) financing activities		**(33,851)**	**(29,619)**
Net increase or (decrease) in cash and cash equivalents		(34,435)	12,554
Foreign currency translation differences on cash and cash equivalents		(4,803)	(2,142)
Cash and cash equivalents at January 1		125,945	115,533
Cash and cash equivalents at December 31		**86,707**	**125,945**

Consolidated statement of changes in equity

			Equity attributable to shareholders of Comet Holding AG				
In thousands of CHF	Note	Capital stock	Capital reserve	Retained earnings	Treasury stock	Foreign currency translation differences	Total shareholders' equity
January 1, 2022		**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	33	—	—	(27,193)	—	—	(27,193)
Alignment of capital reserve[1]		—	(8)	8	—	—	—
Increase in capital (for stock compensation)		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**
Net income		—	—	15,388	—	—	15,388
Other comprehensive income		—	—	(5,622)	—	(14,981)	(20,603)
Total comprehensive income		**—**	**—**	**9,766**	**—**	**(14,981)**	**(5,215)**
Dividend payment to shareholders of Comet Holding AG	33	—	—	(28,764)	—	—	(28,764)
Alignment of capital reserve[1]		—	(19)	19	—	—	—
Purchase of treasury stock		—	—	—	(1,949)	—	(1,949)
Award of treasury stock under share-based compensation plans		—	—	59	1,458	—	1,517
Share-based payments – reversal of prior-period accrued expenses	29/30	—	—	(1,453)	—	—	(1,453)
Share-based payments - accrued expenses for current period	29/30	—	—	551	—	—	551
Adjustment of withholding tax in relation to dividend payment to Comet Holding AG		—	—	(127)	—	—	(127)
December 31, 2023		**7,774**	**2,986**	**334,941**	**(491)**	**(49,118)**	**296,092**

[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 IFRS Accounting Standards. All IFRS Accounting Standards 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, 2023, Comet has applied the following new or adjusted IFRS Accounting Standards/IFRIC for the first time:

- IAS 1 – Presentation of Financial Statements: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments to IAS 8)
- IAS 12 – Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- IAS 12 – Income Taxes: Pillar Two Model Rules (Amendments to IAS 12)

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: 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
IAS 7 and IFRS 7 – Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	*	Jan. 1, 2024	Fiscal year 2024
IAS 21 – Lack of Exchangeability (Amendments to IAS 21)	*	Jan. 1, 2025	Fiscal year 2025

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

02.3 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 Accounting Standards. 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
After an upswing lasting several years, the semiconductor industry cycle shifted into a correction, with declining semiconductor sales in 2023. The reasons are the overcapacity that the industry built up in the boom years and the fact that this excess capacity has coincided with high inventories and a slowdown in demand for microchips. This constellation of circumstances led to a slump in orders for semiconductor manufacturing equipment and thus also for process-critical components from Comet. The PCT division was the one most affected by these developments, while the x-ray divisions IXS and IXM held up better, as they operate mainly in markets other than the semiconductor industry. Despite short-term turbulence, the outlook for the semiconductor industry and its suppliers remains bright. The continuing comprehensive digitalization of the economy and society leads us to expect strong demand in the coming years.

With respect to ongoing 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.

02.4 Consolidation

02.4.1 Basis of consolidation

In 2023, 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 %**	
		2023	2022
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 Solutions Taiwan Ltd.	Hsinchu County, Taiwan	100%	100%
Comet Technologies Canada Inc.	Montreal, Canada	100%	100%
Comet Technologies Denmark A/S	Taastrup, Denmark	100%	100%
Comet Technologies Japan KK	Yokohama, Japan	100%	100%
Comet Technologies Korea Co. Ltd.	Suwon, Korea	100%	100%
Comet Technologies Malaysia Sdn. Bhd.	Penang, Malaysia	100%	100%
Comet Technologies USA, Inc.	Shelton, CT, USA	100%	100%
Comet Yxlon GmbH	Hamburg, Germany	100%	100%
Yxlon (Beijing) X-Ray Equipment Trading Co. Ltd.	Beijing, China	100%	100%

02.4.2 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, 2023**	Dec. 31, 2022	**2023**	2022
USA	USD	1	0.841	0.925	0.899	0.955
Eurozone	EUR	1	0.929	0.990	0.972	1.005
China	CNY	1	0.118	0.134	0.127	0.142
Japan	JPY	100	0.597	0.705	0.641	0.731
Denmark	DKK	1	0.125	0.133	0.130	0.135
Republic of Korea	KRW	1,000	0.650	0.734	0.689	0.742
Malaysia	MYR	1	0.183	0.210	0.198	0.217
Canada	CAD	1	0.635	0.683	0.666	0.734
Taiwan	TWD	100	2.751	3.007	2.886	3.209

02.5 Measurement and recognition policies

Revenue recognition (sales and other income)
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
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 purchases 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.

In the fiscal year as in the prior year, no hedge accounting under IFRS 9 was applied to any hedging transactions.

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
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

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 note 2, 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.

Treasury stock
Comet purchases treasury stock for share-based compensation of the Executive Committee and Board of Directors. Treasury stock is recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. Comet applies the first-in-first-out (FIFO) principle when using treasury stock for share-based compensation programs. In general, treasury stock is not held for more than six years at maximum.

In the event of a resale, the gain or loss is recognized through the income statement as financing income or expense.

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	
	2023	2022	2023	2022	2023	2022	2023	2022
Geographic region								
Europe	10,390	9,710	26,887	26,299	35,248	28,341	72,525	64,350
North America	55,614	184,290	13,957	16,167	23,165	21,487	92,736	221,944
Asia	126,976	187,211	68,961	81,017	28,027	24,133	223,965	292,361
Rest of world	176	213	7,021	6,461	1,031	1,065	8,228	7,739
Total net sales	**193,155**	**381,424**	**116,826**	**129,944**	**87,472**	**75,026**	**397,453**	**586,395**

Sales split by market sector

In thousands of CHF	**2023**	2022
PCT		
Semiconductor	175,077	358,800
Others	18,078	22,624
Total, PCT	**193,155**	**381,424**
IXS		
Automotive	32,402	37,598
Electronics	51,472	58,095
Science & new materials	19,124	17,359
Aerospace	10,476	11,978
Others	3,352	4,915
Total, IXS	**116,826**	**129,944**
IXM		
Non-destructive testing	57,126	43,698
Security	12,890	14,551
Others	17,455	16,778
Total, IXM	**87,471**	**75,027**
Total net sales	**397,453**	**586,395**

Unsatisfied performance obligations

The unsatisfied or partly unsatisfied performance obligations (so-called order backlog) as of December 31, 2023 amounted to CHF 131 million (prior year: CHF 200 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 2023 from contract liabilities existing at the beginning of the reporting period amounted to CHF 10.5 million (prior year: CHF 20.3 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 2023 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	193,155	116,826	87,472	—	—	397,453
Intersegment sales	—	134	12,787	(12,921)	—	—
Total net sales	**193,155**	**116,961**	**100,258**	**(12,921)**	**—**	**397,453**
Segment operating income	**7,192**	**671**	**19,580**	**761**	**—**	**28,204**
Unallocated costs	—	—	—	—	(3,226)	(3,226)
Operating income	**7,192**	**671**	**19,580**	**761**	**(3,226)**	**24,978**
Interest income						1,632
Interest (expenses)						(2,214)
Other financial expenses						(178)
Net gains on derivative fair value						1,791
Net losses on foreign exchange						(7,014)
Income before tax						**18,994**
Income tax						(3,606)
Net income						**15,388**
EBITDA	**18,719**	**4,923**	**23,819**	**761**	**(3,226)**	**44,996**
EBITDA in % of net sales	9.7%	4.2%	23.8%			11.3%
Assets and liabilities at Dec. 31, 2023						
Segment assets	181,421	95,340	88,105	—	108,713	473,578
Segment liabilities	(52,386)	(44,018)	(14,854)	—	(66,228)	(177,486)
Net assets	**129,035**	**51,321**	**73,252**	**—**	**42,484**	**296,092**
Other segment information						
Additions to right-of-use asset	4,044	1,010	164	—	—	5,217
Additions to property, plant and equipment & intangible assets	19,224	3,282	3,907	—	—	26,413
Depreciation, amortization and impairment	11,527	4,252	4,239	—	—	20,018
Change in provisions	(443)	(894)	172	—	—	(1,165)
Other non-cash expense or (income)	(74)	463	(44)	104	1,945	2,394
Number of employees at year-end	787	463	327	—	—	1,577

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 losses on derivative fair value						(192)
Net 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

Reconciliation of aggregate segment assets and liabilities to consolidated results

In thousands of CHF	**2023**	2022
Operating segments' assets	364,866	408,334
Total cash and cash equivalents	86,707	125,945
Other assets	2,883	3,718
Tax receivables	3,645	501
Deferred tax assets	14,951	17,940
Comet Holding AG's receivables from third parties	528	363
Total assets	**473,578**	**556,801**
Operating segments' liabilities	(111,258)	(146,276)
Non-current debt	(59,767)	(59,669)
Derivatives used for foreign exchange hedging	—	(11)
Tax payables	(4,661)	(17,368)
Deferred tax liabilities	(533)	(676)
Comet Holding AG's payables to third parties	(1,267)	(1,270)
Total liabilities	**(177,486)**	**(225,269)**

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	2023	2022
Switzerland	5,007	6,271
Germany	34,324	26,557
Rest of Europe	33,194	31,522
Total, Europe	**72,525**	**64,350**
Total, North America	**92,736**	**221,944**
China	108,040	105,848
Japan	20,626	29,500
Rest of Asia	95,299	157,013
Total, Asia	**223,965**	**292,361**
Rest of world	8,228	7,739
Total	**397,453**	**586,395**

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	2023	2022
Switzerland	108,935	107,764
Germany	37,388	41,127
North America	37,562	35,543
Rest of world	7,469	6,839
Total	**191,353**	**191,273**

04.3 Sales with key accounts

In the year under review, the Plasma Control Technologies division recorded sales of CHF 71 million with its largest customer, which represented 17.7% of Group sales (prior year: CHF 211 million and 36.1%, respectively).

05 Other operating income

In thousands of CHF	2023	2022
Income from the development of prototypes	4,610	3,353
Customers' contributions to development projects	28	94
Government grants	923	413
Miscellaneous income	2,282	1,039
Total other operating income	**7,843**	**4,899**

06 Staff costs and staff count

06.1 Staff costs

In thousands of CHF	2023	2022
Wages and salaries	132,831	160,286
Employee benefits	22,728	26,244
Total staff costs	**155,559**	**186,530**

06.2 Staff count

	2023	2022
Number of employees at year-end	1,577	1,763
Average full-time equivalents during the year	1,548	1,599

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	2023	2022
Amortization of intangible assets	2,392	2,837
Depreciation of right-of-use assets	5,159	5,745
Depreciation of property, plant and equipment	12,467	10,895
Total amortization and depreciation	**20,018**	**19,478**
Impairment of property, plant and equipment	–	461
Total impairment	**–**	**461**
Total amortization, depreciation and impairment	**20,018**	**19,939**

The prior-year 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	2023	2022
Interest income from leases	54	60
Interest income other	1,578	380
Total interest income	**1,632**	**440**
Interest expense for bond	(879)	(879)
Interest expense for leases	(1,302)	(749)
Interest expense, other	(33)	(87)
Total interest expenses	**(2,214)**	**(1,715)**
Net interest income or (expenses)	**(582)**	**(1,275)**
Other financial expenses	**(178)**	**–**
Gains on derivative fair value	1,952	1,623
Losses on derivative fair value	(161)	(1,815)
Net gains or (losses) on derivative fair value	**1,791**	**(192)**
Gains on foreign currency translation	3,264	8,065
Losses on foreign currency translation	(10,279)	(10,205)
Net gains or (losses) on foreign currency translation	**(7,014)**	**(2,140)**
Total net financing income or (expense)	**(5,983)**	**(3,607)**

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	2023	2022
Current income tax expense in respect of the current year	3,106	26,103
Current income tax expense/(credit) in respect of prior years	(1,568)	(273)
Deferred income tax expense/(credit)	2,069	(8,572)
Total income tax expense	**3,606**	**17,259**

10.2 Reconciliation of tax expense

In thousands of CHF	**2023**	2022
Income before tax	18,994	95,368
Expected income tax at base tax rate of 24.6% (prior year: 20.5%)	4,676	19,550
Effect of tax rates other than base tax rate	—	(223)
Effect of tax relief	(594)	(2,310)
Effect of non-tax-deductible expenses	362	70
Effect of change in tax rate on deferred income tax	551	60
Recognition and offset of tax loss carry-forwards not recognized in prior years	35	68
Effect of non-recognition of tax loss carryforwards	(8)	103
Effect of credits for R&D and domestic manufacturing	(829)	(809)
Effect of income tax from other periods	(1,568)	(273)
Effect of non-refundable withholding tax	713	667
Other effects	268	355
Income tax reported in the income statement	**3,606**	**17,259**
Effective income tax rate in % of income before tax	19.0%	18.1%

The expected income tax rate represents the Group's weighted average 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 2023 the tax reduction was nil (prior year: 50%).

10.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities can be analyzed as follows:

		2023		2022
In thousands of CHF	**Assets**	**Liabilities**	Assets	Liabilities
Financial instruments	45	(110)	46	(102)
Receivables	647	(351)	727	(698)
Inventories	4,443	(361)	6,656	(516)
Property, plant and equipment	522	(268)	279	(333)
Right-of-use assets	—	(7,300)	—	(10,973)
Intangible assets	132	(1,427)	216	(986)
Employee benefit plan assets	59	—	—	—
Trade payables and other liabilities	560	(29)	716	(108)
Lease liabilities	9,482	—	11,689	—
Accrued expenses	5,967	—	9,097	—
Provisions	778	—	1,158	—
Employee benefit plan liabilities	718	(98)	26	(98)
Tax loss carryforwards, and tax credits for R&D and domestic manufacturing	1,009	—	468	—
Total gross deferred tax of Group companies	**24,362**	**(9,944)**	**31,078**	**(13,814)**
Netting of deferred tax by Group companies	(9,411)	9,411	(13,138)	13,138
Amounts in the consolidated balance sheet	**14,951**	**(533)**	**17,940**	**(676)**

The deferred tax assets and liabilities were measured at local tax rates, ranging from 13% to 33.8%. No deferred tax liabilities were established for temporary differences of CHF 187.6 million (prior year: CHF 196.2 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	**2023**	2022
Net asset at January 1	**17,264**	**10,722**
Origination and reversal of temporary differences recognized in the income statement	(2,245)	8,345
Recognition of deferred tax assets on loss carryforwards and R&D credits	354	227
Use of tax loss carryforwards	(178)	—
Deferred tax credit in the income statement	**(2,069)**	**8,572**
Origination and reversal of temporary differences recognized in other comprehensive income	827	(1,483)
Foreign currency translation differences	(1,604)	(548)
Net asset at December 31	**14,418**	**17,264**
Reported as assets	14,951	17,940
Reported as liabilities	(533)	(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, 2023, tax loss carryforwards stood at CHF 3.8 million (prior year: CHF 3.1 million). Including tax credits for R&D and domestic manufacturing, the resulting deferred tax assets were CHF 1.0 million (prior year: CHF 0.5 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 0.0 million (prior year: 1.1 million).

11 Earnings per share

11.1 Basic earnings per share

Basic earnings per share are calculated by dividing net income attributable to ordinary shareholders of Comet Holding AG by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares purchased by the Group and held as treasury stock.

	2023	2022
Weighted average number of shares outstanding	7,773,436	7,772,023
Treasury stock held as of year-end	(2,000)	–
Weighted average number of shares outstanding used to determine basic earnings per share	7,771,436	7,772,023
Net income used to determine basic earnings per share in thousands of CHF	15,388	78,109
Net income per share in CHF, basic	1.98	10.05

11.2 Diluted earnings per share

Diluted earnings per share are calculated by dividing net income attributable to ordinary shareholders of Comet Holding AG by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares purchased by the Group and held as treasury shares, plus any weighted average number of ordinary shares that would be issued on the conversion of all dilutive outstanding equity instruments into ordinary shares.

	2023	2022
Weighted average number of shares outstanding	7,773,436	7,772,023
Treasury stock held as of year-end	(2,000)	–
Weighted average number of shares outstanding used to determine diluted earnings per share	7,771,436	7,772,023
Net income used to determine diluted earnings per share in thousands of CHF	15,388	78,109
Net income per share in CHF, diluted	1.98	10.05

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

12 Trade and other receivables

In thousands of CHF	2023	2022
Trade receivables, gross	54,321	79,217
Impairment of trade receivables	(762)	(920)
Trade receivables, net	**53,559**	**78,297**
Refundable sales taxes and value-added taxes	1,867	3,482
Prepayments to suppliers	3,944	4,724
Contract assets	1,899	453
Sundry receivables	3,543	2,147
Total other receivables	**11,253**	**10,806**
Total trade and other receivables	**64,812**	**89,103**

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

In thousands of CHF	2023	2022
January 1	**920**	**950**
Used	(180)	(33)
Added	381	444
Released	(293)	(418)
Foreign currency translation differences	(66)	(23)
December 31	**762**	**920**

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, full impairment was recognized on CHF 0.5 million (prior year: CHF 0.6 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 2023 In thousands of CHF	Expected loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
Trade receivables		**54,321**	**762**	**53,559**
Not past due	0.5%	48,994	244	48,750
Over 30 days past due, impairment recognized	0.5%	3,311	15	3,296
Over 60 days past due, impairment recognized	0.8%	1,201	9	1,192
Over 90 days past due, impairment recognized	1.3%	290	3	287
Over 120 days past due, impairment recognized	2.5%	19	1	18
Over 150 days past due, impairment recognized	96.7% [1]	507	490	17

1 Individual impairment allowances included.

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.

13 Other assets (including financial assets) and financial liabilities

13.1 Other assets, including financial assets

In thousands of CHF	2023	2022
Other assets at fair value through profit or loss		
Derivatives used for foreign exchange hedging	373	634
Total other assets at fair value through profit or loss	**373**	**634**
Other assets at amortized cost		
Lease receivable	2,251	2,548
Restricted cash – post-combination compensation	—	371
Other non-current financial assets	293	576
Total other assets at amortized cost	**2,543**	**3,495**
Total other assets	**2,916**	**4,129**
Total current	677	1,303
Total non-current	2,239	2,826

13.2 Other financial liabilities

In thousands of CHF	2023	2022
Other financial liabilities at fair value through profit or loss		
Derivatives used for foreign exchange hedging	—	11
Total other financial liabilities at fair value through profit or loss	**—**	**11**
Total other financial liabilities	**—**	**11**
Total current	—	11

13.3 Derivative financial instruments

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

In thousands of CHF	2023	2022
USD forward exchange contracts		
Contract amounts	7,425	14,723
Positive fair values	260	634
CNY forward exchange contracts		
Contract amounts	5,135	1,336
Positive fair values	113	—
Negative fair values	—	11

The gains and losses from foreign exchange contracts are recognized as financing income or expense (see note 9). 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 2023:

Lease receivable movement in thousands of CHF	**2023** Lease receivable	**2022** Lease receivable
January 1	**2,548**	**2,842**
Accretion of interest	54	60
Lease payments received	(352)	(353)
December 31	**2,251**	**2,548**

The maturity analysis of the lease receivable is as follows:

Lease receivable maturity analysis In thousands of CHF	2024	2025 – 2028	After 2028	Total lease receivable
Maturity analysis as of December 31, 2023				
Undiscounted lease payments	352	1,407	676	2,435
Interest portion	(47)	(120)	(16)	(184)
Lease receivable	**304**	**1,287**	**660**	**2,251**
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**

Restricted cash

At the time of the acquisition of Comet Technologies Canada Inc., an agreement for compensation of CHF 1.5 million in the post-combination period was concluded with key Comet Technologies Canada Inc. personnel as a separate transaction. For the settlement of these elements, cash was transferred to an escrow account in fiscal year 2020, thus restricting access to these funds.

As of December 31, 2023, the amount of this restricted cash was nil, final payment having been made in June 2023 (prior year: CHF 0.4 million).

14 Inventories

In thousands of CHF	**2023**	2022
Raw materials and semi-finished products	66,028	73,749
Work in process	9,929	12,364
Finished goods	27,473	36,355
Total inventories	**103,430**	**122,468**

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 1.8 million (prior year: CHF 2.2 million).

15 Prepaid expenses

In thousands of CHF	**2023**	2022
Contract costs	377	257
Other prepaid expenses	5,386	5,184
Total prepaid expenses	**5,763**	**5,441**

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 1.2 million were recognized in the income statement (prior year: CHF 1.8 million).

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

16 Property, plant and equipment

Fiscal year 2023

In thousands of CHF	Real estate	Plant and equipment	Other tangible assets	Assets under construction	Total property, plant and equipment
Cost					
January 1, 2023	**98,162**	**105,704**	**19,403**	**16,423**	**239,693**
Additions	327	15,059	1,843	7,221	24,450
Commissioning of assets under construction	270	13,726	903	(14,899)	—
Disposals	—	(2,171)	(706)	—	(2,877)
Foreign currency translation differences	—	(3,385)	(1,282)	(339)	(5,006)
December 31, 2023	**98,759**	**128,933**	**20,161**	**8,406**	**256,260**
Accumulated depreciation and impairment					
January 1, 2023	**35,735**	**70,027**	**13,963**	**—**	**119,725**
Additions	2,574	7,419	2,474	—	12,467
Disposals	—	(1,332)	(589)	—	(1,921)
Foreign currency translation differences	—	(1,489)	(920)	—	(2,409)
December 31, 2023	**38,309**	**74,625**	**14,928**	**—**	**127,862**
Carrying amount					
January 1, 2023	62,427	35,677	5,440	16,423	119,968
December 31, 2023	**60,450**	**54,308**	**5,233**	**8,406**	**128,398**

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**

Assets pledged or assigned as collateral for Group obligations

At December 31, 2023 and December 31, 2022, 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 2023

In thousands of CHF	Right-of-use assets Buildings	Equipment	Other assets	Total	Lease liabilities
January 1, 2023	**31,912**	**490**	**(0)**	**32,401**	**38,197**
Additions	4,995	212	10	5,217	5,217
Disposals	(3,640)	(12)	(1)	(3,653)	(3,922)
Depreciation, amortization and impairment	(4,841)	(308)	(9)	(5,159)	–
Accretion of interest	–	–	–	–	1,302
Repayment of lease liabilities	–	–	–	–	(3,949)
Lease incentive[1]	–	–	–	–	3,105
Payment of interest on lease liabilities	–	–	–	–	(1,302)
Foreign currency translation differences	(2,382)	(25)	–	(2,407)	(2,901)
December 31, 2023	**26,043**	**357**	**(0)**	**26,400**	**35,747**
Reported on the face of the balance sheet as:					
Current lease liability					3,528
Non-current lease liability					32,219

[1] The landlord agreed to contribute a total of CHF 7.7 million toward the cost of performing the tenant improvements in preparation for Comet's occupancy of the premises. In fiscal year 2023, the amount of the "tenant improvement allowance" was CHF 3.1 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 2022

In thousands of CHF	Right-of-use assets Buildings	Equipment	Other assets	Total	Lease liabilities
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 for Comet's occupancy of the premises. In fiscal year 2022, the "tenant improvement allowance" amounted to CHF 3.5 million.

The composition of the lease expenses in fiscal 2023 and 2022 is shown below:

In thousands of CHF	**2023**	2022
Depreciation, amortization and impairment	5,159	5,745
Interest expenses	1,302	749
Expenses for short-term leases and other items	1,207	449
Expense for low-value leases	21	12
Expense for variable lease payments not included in the measurement of lease liabilities	1	2
Total lease expenses	**7,690**	**6,956**

Comet has lease agreements containing extension and termination options (see note 2.5). At December 31, 2023, 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, 2023 amounted to CHF 20.3 million due within the subsequent five years (prior year: CHF 1.4 million) and to CHF 15.4 million for option periods of more than five years (prior year: CHF 28.6 million).

18 Intangible assets

Fiscal year 2023 In thousands of CHF	Goodwill and trademarks	Customer lists	Technology	Software	Other intangible assets	Total intangible assets
Cost						
January 1, 2023	**30,450**	**20,421**	**4,817**	**27,669**	**285**	**83,641**
Additions	—	—	—	1,963	—	1,963
Reclassifications	—	—	—	14	(14)	—
Disposals	—	—	—	(413)	(107)	(520)
Foreign currency translation differences	(1,490)	(1,425)	(295)	(596)	(3)	(3,809)
December 31, 2023	**28,960**	**18,996**	**4,522**	**28,637**	**161**	**81,275**
Accumulated amortization						
January 1, 2023	**2**	**19,024**	**2,664**	**22,954**	**93**	**44,737**
Additions	—	186	313	1,848	45	2,392
Disposals	—	—	—	(401)	—	(401)
Foreign currency translation differences	—	(1,335)	(159)	(513)	(1)	(2,008)
December 31, 2023	**2**	**17,875**	**2,818**	**23,888**	**137**	**44,720**
Carrying amount						
January 1, 2023	30,447	1,397	2,153	4,715	192	38,904
December 31, 2023	**28,957**	**1,121**	**1,704**	**4,749**	**24**	**36,555**

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

Comet follows a long-term brand strategy. To leverage the strength of the established Comet brand and Yxlon brand even better, a rebranding 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 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**

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 September 30, 2023. 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 2024 to 2026. 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 range 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	**2023**	2022	**2023**	2022	**2023**	2022
Goodwill	20,226	21,593	6,873	6,873	27,099	28,467
Trademarks (Yxlon)	1,858	1,980	–	–	1,858	1,980
Total carrying amount	**22,084**	**23,573**	**6,873**	**6,873**	**28,957**	**30,447**

Assumptions applied in the valuation model

	X-Ray Systems (IXS) CGU		Industrial X-Ray Technology (IXT) CGU	
	2023	2022	**2023**	2022
Discount rate (WACC) before tax	8.7%	12.1%	9.9%	12.4%
Growth rate of terminal value	1.5%	1.5%	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 (2024 to 2026):

- Growth assumptions: Sales revenue is projected by product group and market segment. Based on the fiscal year 2023 as the starting point, the average annual rate of sales growth for planning period 2024 to 2026 is assumed to be 13.3% for IXS (prior year: 22.2%) and 12.9% for IXT (prior year: 20.8%).
- Gross margins: Gross margins in the medium term are expected to average approximately 39.9% for IXS (prior year: 42.7%) and 51.2% for IXT (prior year: 51.6%). 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 September 2023 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

Bond
Comet Holding AG issued a bond on April 20, 2021 in the amount of CHF 60 million. The bond was issued at par. Its term 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).

Credit facilities
In April 2023, Comet arranged a CHF 60 million committed, unsecured, multi-currency, syndicated revolving credit facility. This credit facility has a maturity of five years with an option to increase the amount by CHF 40 million.

The credit facility is tied to customary covenants and is subject to a financial covenant that requires the Comet Group not to exceed a maximum leverage ratio of 3:1. During fiscal year 2023, the Company was in compliance with these covenants. As of December 31, 2023, there were no outstanding borrowings under the facility.

The Comet Group also has access to a total of CHF 34.8 million (prior year: CHF 56.2 million) in uncommitted credit facilities to cover working capital requirements and the issuance of guarantees, of which CHF 5.4 million was utilized as of December 31, 2023 (prior year: CHF 1.7 million).

20.1 Movement in debt

Fiscal year 2023 In thousands of CHF	Jan. 1, 2023	Cash flows	Reclassif. from non-current to current	Unwinding of discount, and remeasurement	Foreign currency translation differences	Dec. 31, 2023
Non-current debt	59,669	—	—	98	—	59,767
Total debt	**59,669**	**—**	**—**	**98**	**—**	**59,767**

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**

21 Trade and other payables

In thousands of CHF	**2023**	2022
Trade payables	20,331	31,191
Sundry payables	5,610	5,903
Sales commissions	2,405	2,809
Total financial liabilities	**28,346**	**39,903**
Sales tax and value-added tax	929	1,014
Total other payables	**929**	**1,014**
Total trade and other payables	**29,275**	**40,917**

22 Accrued expenses

In thousands of CHF	**2023**	2022
Accrued staff costs	5,727	24,475
Other accrued expenses	11,373	17,713
Total accrued expenses	**17,100**	**42,188**

Accrued staff costs consist mainly of the amount accrued for performance-based compensation, and employees' vacation and overtime credits.

23 Provisions

Fiscal year 2023

In thousands of CHF	Warranties	Other provisions	Total provisions
January 1, 2023	**6,480**	**1,448**	**7,929**
Added	6,741	23	6,764
Used	(5,159)	(737)	(5,896)
Released	(1,618)	(414)	(2,032)
Foreign currency translation differences	(445)	(55)	(500)
December 31, 2023	**5,999**	**265**	**6,264**
Of which:			
January 1, 2023			
Current provisions	6,480	475	6,955
Non-current provisions	—	973	973
December 31, 2023			
Current provisions	5,999	10	6,009
Non-current provisions	—	255	255

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 liabilities

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

In thousands of CHF	**2023**	2022
Defined benefit liability in Switzerland	5,141	—
Defined benefit liability in Germany	267	308
Total defined benefit liability	**5,408**	**308**
Provision for length-of-service awards	1,385	1,399
Total employee benefit liabilities	**6,794**	**1,707**

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 plan is 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. The defined benefit plan is managed under a fully insured pension model and thus all investment risk is carried by the pension fund, or ultimately by the insurer. The plan is 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 pension 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	
	2023	2022	**2023**	2022
Discount rate at January 1	2.20%	0.30%	3.60%	0.80%
Discount rate at December 31	1.60%	2.20%	3.70%	3.60%
Expected rate of salary increases	1.60%	1.50%	–	–
Life tables used as basis for life expectancies	BVG 2020 GT	BVG 2020 GT	Heubeck 2018 GT	Heubeck 2018 GT

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

Fiscal year 2023 In thousands of CHF	Present value of defined benefit obligation	Fair value of plan assets	**Net carrying amount recognized in balance sheet**
January 1	**(75,341)**	**75,032**	**(308)**
Current service cost	(2,365)	—	(2,365)
Past service cost	211	—	211
Administration cost, excl. cost of managing plan assets	(37)	—	(37)
Current service cost	**(2,191)**	**—**	**(2,191)**
Interest (expense) or income	(1,653)	1,656	4
Defined benefit cost recognized in the income statement	**(3,843)**	**1,656**	**(2,187)**
Return on plan assets, excluding interest income	—	(1,071)	(1,071)
Actuarial loss arising from changes in financial assumptions	(5,974)	—	(5,974)
Actuarial gain arising from changes in demographic assumptions	1,159	—	1,159
Actuarial loss arising from experience adjustments	(563)	—	(563)
Effect of asset ceiling under IAS 19.57(b)	—	—	—
Defined benefit cost recognized in other comprehensive income	**(5,378)**	**(1,071)**	**(6,448)**
Benefits paid-in/deposited	7,179	(7,160)	19
Employee contributions	(2,884)	2,884	—
Employer contributions	—	3,499	3,499
Foreign currency translation differences	76	(59)	17
December 31	**(80,192)**	**74,782**	**(5,408)**
Reported on the face of the balance sheet as:			
An asset			—
A liability			(5,408)

The actuarial loss arising from changes in financial assumptions was mainly attributable to the decrease in the discount rate.

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 2023 to further reduce the pension conversion rates with effect from the year 2026. 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 0.2 million.

The average duration of the defined benefit obligation was 8.5 years.

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 loss arising from changes in financial assumptions	16,020	—	16,020
Actuarial gain 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)

Key figures by country

	Switzerland		Germany	
In thousands of CHF	**2023**	2022	**2023**	2022
Present value of defined benefit obligation	(79,046)	(74,076)	(1,144)	(1,264)
Fair value of plan assets	73,905	74,157	877	956
Effect of asset ceiling under IAS 19.57(b)	—	(81)	—	—
Net carrying amount recognized in the balance sheet	**(5,141)**	**—**	**(267)**	**(308)**
Defined benefit cost recognized in the income statement	(2,178)	(2,960)	(11)	(6)
Defined benefit cost recognized in other comprehensive income	(6,462)	10,461	14	425

The employer contributions to the plans in Switzerland for fiscal year 2024 are expected to amount to CHF 3.6 million.

Major categories of plan assets

In thousands of CHF	**2023**	2022
Assets from insurance contract	74,782	75,032
Total plan assets without a quoted market price	**74,782**	**75,032**

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	**2023**	2022	**2023**	2022
Discount rate: 0.25% decrease	80,757	75,884	1,172	1,296
Discount rate: 0.25% increase	77,435	72,378	1,117	1,233
Expected rate of salary growth: 0.25% decrease	78,895	74,057	1,144	1,264
Expected rate of salary growth: 0.25% increase	79,181	74,080	1,144	1,264
Life expectancy: 1-year increase	79,462	74,535	1,198	1,324
Life expectancy: 1-year decrease	78,635	73,619	1,089	1,204

24.3 Defined contribution plans

The contributions paid to defined contribution plans in the fiscal year amounted to CHF 7.3 million (prior year: CHF 7.7 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	**2023**	2022
Provision at January 1	**1,399**	**1,415**
Current service cost	183	253
Interest cost	33	6
Benefits paid	(169)	(185)
Actuarial losses or (gains)	(33)	(78)
Changes in scope of consolidation[1]	23	25
Foreign currency translation differences	(51)	(37)
Provision at December 31	**1,385**	**1,399**

[1] In the current period, length-of-service award policies were rolled out in one subsidary. In the prior period there was a roll out in two subsidiaries.

25 Equity capital structure and shareholders

25.1 Capital stock

The capital stock at January 1, 2023 was CHF 7,773,966, divided into 7,773,966 registered shares with a par value of CHF 1.00 per share. In fiscal year 2023 the capital stock remained unchanged, as the Board of Directors decided to use treasury stock for the share-based compensation. The capital stock is fully paid in.

	2023		2022	
	Number of shares	**Par value in CHF**	Number of shares	Par value in CHF
January 1	7,773,966	7,773,966	7,769,534	7,769,534
Increase in capital from conditional capital designated for equity compensation	–	–	4,432	4,432
December 31	7,773,966	7,773,966	7,773,966	7,773,966

The Board of Directors decided to pay the share-based compensation from treasury stock, instead of using capital increases from conditional capital designated for equity compensation. At the balance sheet date, Comet Holding AG held 2,000 shares of treasury stock (prior year: nil).

25.2 Capital band (i.e., capital range)

At any time until April 14, 2026, the Board of Directors is authorized i) to increase the capital stock by issuing a maximum of 1,554,793 fully paid registered shares with a par value of CHF 1.00 per share in one or more steps, by not more than a cumulative CHF 1,554,793, to a new total of CHF 9,328,759 (the upper limit of the so-called capital band), and ii) to reduce the capital stock in one or more steps to not less than CHF 7,385,268 (the lower limit of the capital band), either by cancelling not more than a cumulative 388,698 registered shares with a par value of CHF 1.00 per share or by reducing the par value of the registered shares accordingly. A capital reduction and a reincrease may be performed simultaneously. If the capital stock is increased by means of the capital band, the limit on the number of shares by which the capital can subsequently be reduced is raised so that the lower end of the capital band can be reached. If the capital stock is reduced by means of the capital band, the limit on the number of shares by which the capital can subsequently be increased is raised so that the upper end of the capital band can be reached. If a change in capital is performed by changing the par value, the upper and lower limits of the capital band remain constant, but the limits on the number of shares by which the capital can subsequently be changed are adjusted accordingly. In the case of an increase of the capital stock, the new shares must be fully paid in. In the case of a capital reduction, the amount of the reduction may, in the discretion of the Board of Directors, be distributed to the shareholders in whole or in part and/or added to reserves.

The Board of Directors may exclude shareholders' subscription rights in whole or in part and grant such subscription rights to certain shareholders or third parties, including subsidiaries, for the purpose of, among other things:

- Enabling a strategic partner to acquire an equity interest
- Acquiring or investing in companies, strategic equity interests, products and product development programs, intellectual property rights, etc.
- Facilitating transactions by means of an exchange of shares

25.3 Conditional capital for equity compensation

Under article 3b of its Articles of Association, the Company has conditional capital (in German: "bedingtes Kapital") that is designated for use only as equity-based compensation. In a capital increase from this conditional capital, stock is issued to Executive Committee members and/or Board members of Comet Holding AG. With respect to this conditional 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 2023, due to the decision by the Board of Directors to use treasury stock for the equity-based compensation, no capital increase from conditional capital for equity compensation was performed in 2023.

As a result, the Company's unissued conditional capital for equity-based compensation showed no movement in fiscal year 2023 (prior year: decrease of 4,432 shares):

	2023		2022	
	Number of shares	**Par value in CHF**	Number of shares	Par value in CHF
January 1	189,154	189,154	193,586	193,586
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)
December 31	189,154	189,154	189,154	189,154

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

25.4 Conditional capital for financing, acquisitions and other purposes

The capital stock of the Company can be increased by a maximum of CHF 1,554,793 through the issuance of up to 1,554,793 fully paid registered shares with a par value of CHF 1.00 per share through the exercise (including mandatory exercise) of conversion, exchange, option, subscription, or similar rights to purchase shares granted to shareholders or third parties alone or in connection with bonds, loans, options, warrants, or other financial market instruments or contractual obligations of the Company or its subsidiaries (collectively "Financial Instruments").

The Board of Directors is authorized to restrict or cancel the preferential subscription rights of existing shareholders in connection with the issue of Financial Instruments by the Company or one of its subsidiaries if the issue is made (a) for the purpose of financing or refinancing or compensation for the acquisition of companies, parts of companies, equity interests, products, intellectual property rights or licenses or of investment projects or (b) on domestic or foreign trading venues or as part of a private placement, or (c) for other important reasons. Such exclusion or restriction of preferential subscription rights in connection with the issuance of Financial Instruments may, based on the shares underlying the Financial Instruments in question, not involve more than 10% of the number of shares already in issue immediately prior to the issuance in question. This percentage shall be reduced to the extent that subscription rights are excluded pursuant to article 3a of the Articles of Association.

If the preferential subscription rights are not granted directly or indirectly by the Board of Directors in connection with the issue of Financial Instruments by the Company or one of its subsidiaries, the following shall apply:

- the Financial Instruments shall be issued, or the associated transactions entered into, at market terms; and
- the conversion, exchange or other exercise price of the Financial Instruments shall be determined with reference to the market price prevailing at the time the Financial Instruments are issued; and
- the Financial Instruments are convertible, exchangeable or exercisable for a maximum period of ten years from the relevant issue date or transaction date.

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, 2023. 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 2023.

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 filed its notice of appeal on April 20, 2023. The appeals process is ongoing. 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, 2023.

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 occur upon a successful (i) full and final resolution of all outstanding post-trial motions and the current, active 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, 2023 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 42.8 million (prior year: CHF 63.2 million), of which CHF 21.2 million were current in nature (prior year: CHF 27.8 million) and CHF 21.6 million mature in the five-year period that begins in 2024 (prior year: CHF 35.4 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, 2023 (prior year: nil).

27 Financial instruments

27.1 Classes of financial instruments

Fiscal year 2023
In thousands of CHF

	Note	Financial assets		Financial liabilities		
		FVTPL [1]	At amortized cost	FVTPL [1]	At amortized cost	Fair value
Cash and cash equivalents		—	86,707	—	—	*
Trade and other receivables, net	12	—	57,102	—	—	*
Derivatives	13	373	—	—	—	373
Other assets – financial assets, excluding derivatives	13	—	2,543	—	—	*
Trade and other payables	21	—	—	—	28,346	*
Lease liabilities	17	—	—	—	35,747	*
Non-current debt, fixed rate	20	—	—	—	59,767	59,430
Total		**373**	**146,352**	**—**	**123,860**	
Interest income or (expense)	9	—	1,632	—	(2,214)	
Gain or (loss) on derivatives	9	1,952	—	(161)	—	
Change in impairment and losses on trade receivables	12	—	(158)	—	—	
Total net gain or (loss) recognized in the income statement		**1,952**	**1,474**	**(161)**	**(2,214)**	

[1] At fair value through profit or loss.
* The carrying amount approximates fair value.

Fiscal year 2022
In thousands of CHF

	Note	Financial assets		Financial liabilities		
		FVTPL [1]	At amortized cost	FVTPL [1]	At amortized cost	Fair value
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	*
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.

IFRS Accounting Standards 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, 2023 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 natural hedges and/or derivatives such as forward exchange contracts, 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	2023	2022
Current debt and lease liabilities	3,528	3,955
+ Non-current debt and lease liabilities	91,986	93,911
./. Cash and cash equivalents	86,707	125,945
Net debt	**8,807**	**(28,079)**
EBITDA	44,996	118,913
Debt factor	**0.2**	**(0.2)**
Shareholders' equity	296,092	331,532
Equity ratio (equity in % of total assets)	**62.5%**	**59.5%**

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. Comet seeks to avoid unreasonable financial risks. In order to partly mitigate these risks, Comet may apply natural and/or financial hedging techniques (typically forward exchange contracts) without applying hedge accounting as well as Comet does not enter into derivative financial instruments for speculative purposes.

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 2023	Increase in exchange rate in %	Effect on income before tax in thousands of CHF	Effect on equity in thousands of CHF
EUR / CHF	+10	+1,707	+1,849
USD / CHF	+10	+1,898	+1,052

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

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 2023 amounted to CHF 1.6 million (prior year: CHF 0.4 million), primarily related to 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 on cash invested would have been CHF 0.1 million higher or CHF 0.1 million lower, respectively (prior year: CHF 0.0 million higher or lower).

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 Comet 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 A3/A- (from Moody's/S&P) 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, 2023, amounted to CHF 27.0 million (prior year: CHF 42.4 million).

Trade receivables
Comet operates worldwide, selling its products in various countries and to a large number of customers. Payment terms vary according to 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, 2023, the Group's liquidity position primarily consisted of CHF 86.7 million of cash and cash equivalents and the fully undrawn CHF 60 million revolving credit facility. Based on the current operating performance and liquidity position, the Group believes that its liquidity position will be sufficient to cover 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 2023 In thousands of CHF	Note	Carrying amount				Payments due by period
			Total	2024	2025 – 2027	After 2028
Debt	20	59,767	61,798	780	61,018	—
Lease liabilities	17	35,747	43,946	8,010	21,690	14,246
Financial liabilities	21	28,346	28,346	28,346	—	—
Total		**123,860**	**134,091**	**37,136**	**82,708**	**14,246**

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**

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

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 and 40% is paid in stock. The stock awarded to Board members is subject to a holding period of three years during which it cannot be sold.

Compensation of the members of the Executive Committee
The remuneration of the members of the Executive Committee consists of a fixed component ("fixed compensation") and a performance-related component. The members of the Executive Committee are eligible for participation in an annual short-term incentive plan (STIP) and a three-year long-term incentive plan (LTIP). The total performance-based compensation (combined total of STIP actual compensation and the LTIP grant value in the form of PSUs) is capped by an upper limit. For the CEO, this upper limit is 200% of the fixed compensation; for each other member of the Executive Committee, it is 150% of the fixed compensation.

The STIP is a profit-sharing arrangement based on the Group's performance in terms of a combination of (i) its rate of sales growth year-over-year and (ii) its net income. The STIP is paid in cash (with some exceptions, which are explained in the compensation report, section "Compensation of the Executive Committee).

The new LTIP, which has been in effect since January 1, 2023, is designed as a three-year performance share unit (PSU) plan based on three key performance indicators (sales growth measured against the NASDAQ Global Semiconductor Index; ROCE; ESG scorecard). PSUs convert to Comet shares at the end of the three-year vesting period, which commences on the grant date in May. The number of shares that will actually vest ranges from 0% to 200% of the initial number of PSUs granted, depending on the development of the above-mentioned KPIs over the three-calendar-year performance cycle. The stock delivered under the LTIP does not have a holding period. The first payout will be in May 2026.

A detailed description of the STIP and LTIP is provided in the compensation report, section “Compensation of the Executive Committee”.

Stock compensation plan	Share price
Stock granted to the members of the Board of Directors (as part of their compensation for the one-year term of office) and members of the Executive Committee (as part of their STIP payout for the performance year 2022, and under the LTIP 2022)	Arithmetic average of the closing share price of Comet stock on the SIX Swiss Exchange in the period between (and excluding) the date of the annual results press conference and the date of the subsequent Annual Shareholder Meeting
PSUs awarded to eligible LTIP participants under LTIP 2023 – 2025	Arithmetic average of the closing share price of Comet stock on the SIX Swiss Exchange on the 20 consecutive trading days from (and including) the ex-dividend date.

Expenses recorded

The expense recognized for share-based payments to the Executive Committee and Board of Directors in the year under review was CHF 0.6 million (prior year: CHF 1.5 million). Of this total, the portion for the Board of Directors was CHF 0.4 million.

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	**2023**	2022
Cash compensation, including short-term employee benefits	3,549	5,436
Contributions to post-employment benefit arrangements	339	384
Expense for share-based payments	554	1,324
Total compensation	**4,442**	**7,144**

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	
	2023	2022	2023	2022	2023	2022	2023	2022
Entity with significant influence over the Group								
Variosystems Holding AG, Steinach	2	7	2,253	1,844	—	—	2	—
Band Cooperative, Bern	0	9	1,619	1,565	—	—	—	—
Fraunhofer Alumni eV, Germany	179	162	6	2	—	—	—	—
Others	—	15	3	47	—	—	—	—
Total	**181**	**193**	**3,881**	**3,458**	**—**	**—**	**2**	**—**
Key management personnel of the Group								
Other directors' interests	—	—	—	62	—	—	—	—
Total	**—**	**—**	**—**	**62**	**—**	**—**	**—**	**—**

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.

33 Proposed distribution to shareholders

The Board of Directors will propose at the 2024 Annual Shareholder Meeting to pay a dividend of CHF 1.00 per share in relation to fiscal year 2023, from retained earnings. In relation to the prior year, Comet paid a dividend of CHF 3.70 per share from retained earnings. The total amount of the proposed dividend in relation to fiscal year 2023 is CHF 7.8 million (prior year: CHF 28.8 million).

34 Release of the consolidated financial statements for publication

On March 1, 2024, the Board of Directors released these financial statements for publication. The Board will present the financial statements to the Annual Shareholder Meeting on April 19, 2024 for approval.

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To the General Meeting of
Comet Holding AG, Flamatt

Berne, 1 March 2024

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 AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements (page 77 to 126) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 the 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 matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of goodwill and other intangible assets with indefinite useful lives

Risk	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 (value in use) with its carrying amount. These annual impairment tests were significant to our audit because the balances for goodwill and trademarks of CHF 29.0 million as of 31 December 2023 are material to the financial statements. Furthermore, the underlying estimations to the impairment assessment are complex and any impairment of goodwill and trademarks 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. Refer to Note 19. The recoverable amount calculated using the discounted cash flow analysis is based on various assumptions such as 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.
Our audit response	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. Our audit procedures did not lead to any reservations concerning the valuation of goodwill and other intangible assets with indefinite useful lives.

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.

Building a better working world

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 Accounting Standards 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.

Building a better working world

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
(Qualified Signature)

Licensed audit expert
(Auditor in charge)

Cristina Zimmermann
(Qualified Signature)

Licensed audit expert

Enclosures

- Consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and notes)

Separate Financial Statements of Comet Holding AG

Contents

Statement of income

In thousands of CHF	2023	%	2022	%
Dividend income	32,473		33,425	
Other financing income	2,457		1,740	
Other operating income	3		—	
Total income	**34,932**	**100.0%**	**35,165**	**100.0%**
Financing expenses	(3,511)		(2,162)	
Other operating expenses	(3,803)		(2,856)	
Total expenses	**(7,314)**	**– 20.9%**	**(5,019)**	**– 14.3%**
Net income for the year	**27,618**	**79.1%**	**30,147**	**85.7%**

Balance sheet

In thousands of CHF	Note	Dec. 31, 2023	%	Dec. 31, 2022	%
Assets					
Cash and cash equivalents		441		4,150	
Other current receivables from subsidiaries		—		325	
Prepaid expenses		528		363	
Total current assets		**969**	**0.5%**	**4,837**	**2.3%**
Non-current financial assets – loans	3	120,486		118,162	
Investments in subsidiaries	2	86,632		86,632	
Total non-current assets		**207,118**	**99.5%**	**204,794**	**97.7%**
Total assets		**208,087**	**100.0%**	**209,632**	**100.0%**
Liabilities and shareholders' equity					
Other current liabilities to non-Group entities		300		80	
Other current liabilities to shareholders and governing bodies		276		237	
Accrued expenses		965		1,190	
Non-current interest-bearing liabilities	8	60,000		60,000	
Total liabilities		**61,541**	**29.6%**	**61,508**	**29.3%**
Capital stock	5	7,774		7,774	
Treasury stock		(491)		—	
Statutory capital reserve		2,986		3,005	
Statutory earnings reserve		4,967		4,967	
Retained earnings brought forward		103,692		102,232	
Net income for the year		27,618		30,147	
Total shareholders' equity		**146,546**	**70.4%**	**148,124**	**70.7%**
Total liabilities and shareholders' equity		**208,087**	**100.0%**	**209,632**	**100.0%**

Statement of changes in equity

In thousands of CHF	Capital stock	Capital reserve	General legal reserve	Treasury stock	Retained earnings	Total shareholders' equity
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**
Net income	–	–	–	–	27,618	27,618
Dividend payment to shareholders of Comet Holding AG	–	–	–	–	(28,764)	(28,764)
Purchase of treasury stock[2]	–	–	–	(1,949)	–	(1,949)
Award of treasury stock under share-based compensation plans	–	–	–	1,458	59	1,517
Alignment of capital reserve[1]	–	(19)	–	–	19	–
December 31, 2023	**7,774**	**2,986**	**4,967**	**(491)**	**131,311**	**146,546**

[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.

[2] The average share price in fiscal year 2023 was CHF 224.40.

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, 2023 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.

Treasury stock
Comet purchases treasury stock for share-based compensation of the Executive Committee and Board of Directors. Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. Comet applies the first-in-first-out (FIFO) principle when using treasury stock for share-based compensation programs. In general, treasury stock is not held for more than six years at maximum. In the event of a resale, the gain or loss is recognized through the income statement as financing income or expense.

02 Investments in subsidiaries

Comet Holding AG directly held the following companies at December 31, 2023:

Company	Registered office	Currency	Capital stock	Equity interest in % [1]	
				2023	2022
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.[2]	Shanghai, China	CNY	1,655,420	100%	100%
Comet Solutions Taiwan Ltd.	Hsinchu County, Taiwan	TWD	5,000,000	100%	100%
Comet Technologies Canada Inc.[3]	Montreal, Canada	CAD	15,001,000	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%
Comet Technologies Korea Co. Ltd.	Suwon, Korea	KRW	500,000,000	100%	100%
Comet Technologies Malaysia Sdn. Bhd.	Penang, Malaysia	MYR	3,000,000	100%	100%
Comet Technologies USA, Inc.	Shelton, CT, USA	USD	1,000	100%	100%
Comet Yxlon GmbH	Hamburg, Germany	EUR	110,000	100%	100%
Yxlon (Beijing) X-Ray Equipment Trading Co. Ltd.	Beijing, China	CNY	1,077,000	100%	100%

[1] Comet Holding AG also holds 100% of the voting rights in all companies.
[2] The company increased its registered stock from USD 200,000 to USD 700,000. The paid-in stock amounted to USD 200,000 as of December 31, 2023.
[3] The company was renamed "Comet Technologies Canada Inc." from "Object Research Systems (ORS) Inc.".

03 Non-current financial assets – loans

Loans to subsidiaries were as follows:

In thousands of CHF	**2023**	2022
Comet AG	74,943	81,903
Comet Yxlon GmbH	25,545	20,688
Comet Technologies Malaysia Sdn. Bhd.	13,462	9,140
Comet Technologies Denmark A/S	3,251	3,014
Comet Technologies Japan KK	1,770	1,753
Comet Technologies Canada Inc.	1,515	1,664
Total loans to subsidiaries	**120,486**	**118,162**

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, 2023	CHF 265.20
Market capitalization at December 31, 2023	CHF 2,062 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, 2023, Comet Holding AG had 8,134 voting shareholders of record (i.e., voting shareholders registered in the share register; prior year: 7,053). Of the total issued registered stock, 100% (prior year: 100%) represented free float. Comet Holding AG held 2,000 shares of treasury stock at December 31, 2023 (prior year: nil). The structure of share ownership size classes among the shareholders of record at December 31, 2023 was as follows:

Number of shares	Number of shareholders
1 to 1,000	7,717
1,001 to 10,000	359
10,001 to 50,000	47
50,001 to 100,000	7
More than 100,000	4

This analysis includes only the stock of shareholders who were registered in the share register. At December 31, 2023 the shares of unregistered owners amounted to 43% of the total (prior year: 40%).

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, 2023 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		3.01%
EGS Beteiligungen AG		3.00%

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 2023

In the fiscal year, six 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: https://www.ser-ag.com/en/resources/notifications-market-participants/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, 2023 was CHF 7,773,966, divided into 7,773,966 registered shares with a par value (nominal value) of CHF 1.00 per share. In fiscal year 2023 the capital stock remained unchanged, as the Board of Directors decided to use treasury stock for the share-based compensation. The capital stock is fully paid in.

	2023		2022	
	Number of shares	**Par value in CHF**	Number of shares	Par value in CHF
January 1	7,773,966	7,773,966	7,769,534	7,769,534
Increase in capital from conditional capital designated for equity compensation	–	–	4,432	4,432
December 31	7,773,966	7,773,966	7,773,966	7,773,966

Treasury stock

The Board of Directors decided to pay the share-based compensation from treasury stock, instead of using capital increases from conditional capital designated for equity compensation. At the balance sheet date, Comet Holding AG held 2,000 shares of treasury stock (prior year: nil).

Treasury stock

	2023		2022	
In thousands of CHF	**Number of shares**	Average price per share (in CHF)	**Number of shares**	Average price per share (in CHF)
Opening balance of treasury stock	—		—	
Purchase of treasury stock	8,687	224.40	—	—
Award of treasury stock under share-based compensation plans	(6,687)	218.04	—	—
Closing balance of treasury stock	**2,000**		**—**	

Comet Holding AG has established a long-term incentive plan with a grant date of May 17, 2023 and vesting date of May 16, 2026. A total of 3,848 performance share units (PSUs) were awarded. As of December 31, 2023, a total of 21% of the vesting period was completed, and a total amount of 1,877 unvested PSUs was outstanding.

Capital band (i.e., capital range)
At any time until April 14, 2026, the Board of Directors is authorized i) to increase the capital stock by issuing a maximum of 1,554,793 fully paid registered shares with a par value of CHF 1.00 per share in one or more steps, by not more than a cumulative CHF 1,554,793, to a new total of CHF 9,328,759 (the upper limit of the so-called capital band), and ii) to reduce the capital stock in one or more steps to not less than CHF 7,385,268 (the lower limit of the capital band), either by cancelling not more than a total of 388,698 registered shares with a par value of CHF 1.00 per share or by reducing the par value of the registered shares accordingly. A capital reduction and a reincrease may be performed simultaneously. If the capital stock is increased by means of the capital band, the limit on the number of shares by which the capital can subsequently be reduced is raised so that the lower end of the capital band can be reached. If the capital stock is reduced by means of the capital band, the limit on the number of shares by which the capital can subsequently be increased is raised so that the upper end of the capital band can be reached. If a change in capital is performed by changing the par value, the upper and lower limits of the capital band remain constant, but the limits on the number of shares by which the capital can be changed are adjusted accordingly. In the case of an increase of the capital stock, the new shares must be fully paid in. In the case of a capital reduction, the amount of the reduction may, in the discretion of the Board of Directors, be distributed to the shareholders in whole or in part and/or added to reserves.

The Board of Directors may exclude shareholders' subscription rights in whole or in part and allocate such subscription rights to certain shareholders or third parties, including subsidiaries, for the purpose of, among other things:

- enabling a strategic partner to acquire an equity interest
- acquiring or investing in companies, strategic equity interests, products and product development programs, intellectual property rights, etc.
- facilitating transactions by means of an exchange of shares

Conditional capital for equity compensation
Under article 3b of its Articles of Association, the Company has conditional capital ("bedingtes Aktienkapital") that is designated for use only as equity-based compensation. In a capital increase from this conditional capital, stock is issued to Executive Committee members and/or Board members of Comet Holding AG. With respect to this conditional 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 2023, due to the decision by the Board of Directors to use treasury stock for the equity-based compensation, no capital increase was performed from conditional capital designated for equity-based compensation.

As a result, the Company's conditional capital for equity-based compensation showed no movement in fiscal year 2023 (prior year: decrease of 4,432 shares):

	2023		2022	
	Number of shares	Par value in CHF	Number of shares	Par value in CHF
January 1	189,154	189,154	193,586	193,586
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)
December 31	189,154	189,154	189,154	189,154

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

Conditional capital for financing, acquisitions and other purposes
The capital stock of the Company can be increased by a maximum of CHF 1,554,793 through the issuance of up to 1,554,793 fully paid registered shares with a par value of CHF 1.00 per share through the exercise (incl. mandatory exercise) of conversion, exchange, option, subscription, or similar rights to purchase shares granted to shareholders or third parties, alone or in connection with bonds, loans, options, warrants, or other financial market instruments or contractual obligations of the Company or its subsidiaries (collectively "Financial Instruments").

The Board of Directors is authorized to restrict or cancel the preferential subscription rights of existing shareholders in connection with the issue of Financial Instruments by the Company or one of its subsidiaries if the issue is made (a) for the purpose of financing or refinancing or compensation for the acquisition of companies, parts of companies, equity interests, products, intellectual property rights or licences or of investment projects or (b) on domestic or foreign trading venues or as part of a private placement or (c) for other important reasons. Such exclusion or restriction of preferential subscription rights in connection with the issuance of Financial Instruments may, based on the shares underlying the Financial Instruments in question, not involve more than 10% of the number of shares already in issue immediately prior to the issuance in question. This percentage shall be reduced to the extent that subscription rights are excluded pursuant to article 3a of the Articles of Association.

If the preferential subscription rights are not granted directly or indirectly by the Board of Directors in connection with the issue of Financial Instruments by the Company or one of its subsidiaries, the following shall apply:

- the Financial Instruments shall be issued, or the associated transactions entered into, at market terms; and
- the conversion, exchange or other exercise price of the Financial Instruments shall be determined with reference to the market price prevailing at the time the Financial Instruments are issued; and
- the Financial Instruments are convertible, exchangeable or exercisable for a maximum period of ten years from the relevant issue date or transaction date.

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.

Positions and terms of office of the Board of Directors and Executive Committee are listed in the corporate governance report.

	Total number of shares		Of which: number of shares subject to holding periods ending on			Freely disposable	**Share of voting rights**	
	2023	2022	4/23/2024	4/15/2025	4/20/2026		**2023**	2022
Board of Directors								
Heinz Kundert	**5,191**	4,755	285	250	436	4,220	**0.1%**	0.1%
Mariel Hoch	**1,722**	1,469	142	125	253	1,202	**0.0%**	0.0%
Gian-Luca Bona	**5,363**	6,119	142	125	244	4,852	**0.1%**	0.1%
Patrick Jany	**3,198**	2,980	142	125	218	2,713	**0.0%**	0.0%
Tosja Zywietz	**325**	125	–	125	200	–	**0.0%**	0.0%
Edeltraud Leibrock	**200**	–	–	–	200	–	**0.0%**	0.0%
Irene Lee	**–**	–	–	–	–	–	**0.0%**	0.0%
Paul Boudré	**–**	–	–	–	–	–	**0.0%**	0.0%
Executive Committee								
Stephan Haferl	**2,108**	921	118	359	976	655	**0.0%**	0.0%
Lisa Pataki	**970**	519	36	436	498	–	**0.0%**	0.0%
Nicola Rotondo	**–**	–	–	–	–	–	**0.0%**	0.0%
Meike Boekelmann	**–**	–	–	–	–	–	**0.0%**	0.0%
Dionys Van de Ven	**237**	–	–	–	208	29	**0.0%**	0.0%
Michael Berger	**278**	–	–	–	244	34	**0.0%**	0.0%
Keighley Peters	**920**	408	1	370	423	126	**0.0%**	0.0%
Joeri Durinckx	**–**	–	–	–	–	–	**0.0%**	0.0%
André Grede	**120**	–	–	–	–	120	**0.0%**	0.0%
Robert Leindl	**–**	–	–	–	–	–	**0.0%**	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: 0.1286%). The members of the Board of Directors and Executive Committee held an aggregate total of 0.3% of voting rights (prior year: 0.4%). No material changes in ownership interests arose after the balance sheet date of December 31, 2023.

07 Options and conversion rights

Comet Holding AG has not issued any conversion rights or stock options.

08 Bond

Comet Holding AG issued a bond 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).

09 Guarantees and pledged assets

The Group is taxed as a single entity for purposes of value-added taxation in Switzerland, and Comet Holding AG therefore has joint and several liability for the value-added tax obligations of its Swiss subsidiary.

10 Number of full-time equivalents

The number of employees of Comet Holding AG in 2023 and 2022 in terms of the annual average number of full-time equivalents was less than ten.

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.

12 Release of the separate financial statements for publication

The Board of Directors released these annual financial statements on March 1, 2024 for publication and will present them to shareholders for approval at the Annual Shareholder Meeting on April 19, 2024.

Board of Directors' proposal for the appropriation of retained earnings

01 Retained earnings in 2023

In thousands of CHF	2023
Earnings brought forward	103,692
Net income for the year	27,618
Retained earnings available for distribution	**131,311**

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 1.00 per share from retained earnings.

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

In thousands of CHF	2023
Retained earnings at December 31, 2023	**131,311**
Dividend payment of CHF 1.00 per share	(7,772)
Retained earnings carried forward	**123,539**

Provided the proposal is approved, the dividend of CHF 1.00 per entitled share, less 35% withholding tax, will be paid on April 25, 2024.

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To the General Meeting of
Comet Holding AG, Flamatt

Berne, 1 March 2024

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Comet Holding AG (the Company), which comprise the balance sheet as at 31 December 2023, the statement of income and the 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 accompanying financial statements (page 132 to 141) 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 the 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 matter below, provide the basis for our audit opinion on the accompanying financial statements.

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. 42% resp. 58% 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 models, 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. 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.

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 (Qualified Signature)	Cristina Zimmermann (Qualified Signature)
Licensed audit expert (Auditor in charge)	Licensed audit expert

Enclosures

- Financial statements (balance sheet, statement of income, statement of changes in equity, notes)
- Proposed appropriation of available earnings

Financial metrics

Alternative performance measures

Comet uses key indicators defined in the IFRS Accounting 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 2023 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)	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 margin	EBITDA as a percentage of net sales.
Net debt	Interest-bearing debt (such as current and non-current debt and lease liabilities) less cash and cash equivalents.
Debt factor	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, 2023**	December 31, 2022
Current debt and lease liabilities	3,528	3,955
+ Non-current debt and lease liabilities	91,986	93,911
./. Cash and cash equivalents	86,707	125,945
Net debt	**8,807**	**(28,079)**
EBITDA	44,996	118,913
Debt factor	**0.2**	**(0.2)**

Calculation of free cash flow

In thousands of CHF	December 31, 2023	December 31, 2022
Net cash provided by operating activities	22,255	64,407
Net cash (used in) investing activities	(22,839)	(22,234)
Free cash flow	**(584)**	**42,173**

Calculation of return on capital employed

In thousands of CHF	December 31, 2023	December 31, 2022
Trade receivables, net	53,321	78,297
Inventories	103,430	122,468
Trade payables	(20,331)	(31,191)
Sales commissions	(2,405)	(2,809)
Contract liabilities	(17,345)	(16,609)
Net working capital (NWC)	**116,670**	**150,156**
Property, plant and equipment	128,398	119,968
Right-of-use assets	26,400	32,401
Intangible assets	36,555	38,904
Non-current assets employed	**191,353**	**191,273**
Total capital employed	**308,023**	**341,429**
Average capital employed[1]	**324,726**	**310,251**
Operating income	24,978	98,975
./. Income tax	(3,606)	(17,259)
Net operating profit after tax (NOPAT)	**21,372**	**81,716**
NOPAT	21,372	81,716
Capital employed	324,726	310,251
Return on capital employed (ROCE)	**6.6%**	**26.3%**

[1] 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.

Sustainability 2023

Statement of the CEO

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Independent Assurance Report

Statement of the CEO

"Sustainability is key to our future success."

Stephan Haferl
Chief Executive Officer

Comet is committed to a strategy based on responsible and sustainable action. This is an important part of our value proposition to customers, investors and employees as we constantly strive to build an even more high-performing organization. In fact, for many years, we have already been following practices such as using green electricity, conserving resources, helping people in need, supporting educational projects and respecting equality and diversity. But we would like to do even more to fully live up to our responsibility as a corporate citizen. In this spirit, we are tackling these topics in a structured and global way in order to systematically improve our performance on the path to a future worth living for generations to come.

In 2023, we faced considerable challenges due to the powerful correction in the semiconductor cycle. Despite the demanding market environment, we made significant progress by focusing on the implementation of our strategy, while at the same time pushing ahead with our sustainability program. For us, sustainability is about much more than paying lip service – it is an ethos that we want to ingrain deeply in our culture. Determined to stand behind our promise, we have further developed our climate strategy, strengthened our social engagement and accorded the elements of good corporate governance the importance they deserve.

We firmly believe that our technologies can contribute to a better, fairer and more sustainable world. To this end, we will continue to focus on developing solutions that add value for our customers while protecting the environment and honoring the needs of society. We are proud that sustainability is well on track to become an integral part of our corporate culture.

Introduction

Purpose and business model

How we generate value and contribute to a world that is good to live in

As a trailblazing, leading tech company in radio frequency power and x-ray technology, we make a growing contribution to a safer, more efficient and sustainable world of manufacturing, communication and mobility.

Our high-tech products and services create value for countless people. Part of this value comes from our setting goals that go beyond shareholder returns. In everything we do, we aim to balance economic, environmental and social aspects in order to thus support a sustainable future and profitable long-term growth.

As a close and trusted partner to our customers, we expect to:

- Develop innovative and sustainable products that support our customers in realizing their strategies
- Leave the smallest possible environmental footprint along the entire value chain
- Provide career opportunities for employees in all our businesses and at all our sites
- Build relationships with suppliers and business partners based on fairness and transparency
- Take a leading role in sustainable development in our industry

Our ESG program serves as a compass for managing our environmental footprint, taking responsibility for our employees and satisfying the highest standards of compliance and governance. Our focus is on the long term.

Our business model

We strongly believe that in a world of finite resources, innovation improves all our lives.

The resources we draw on

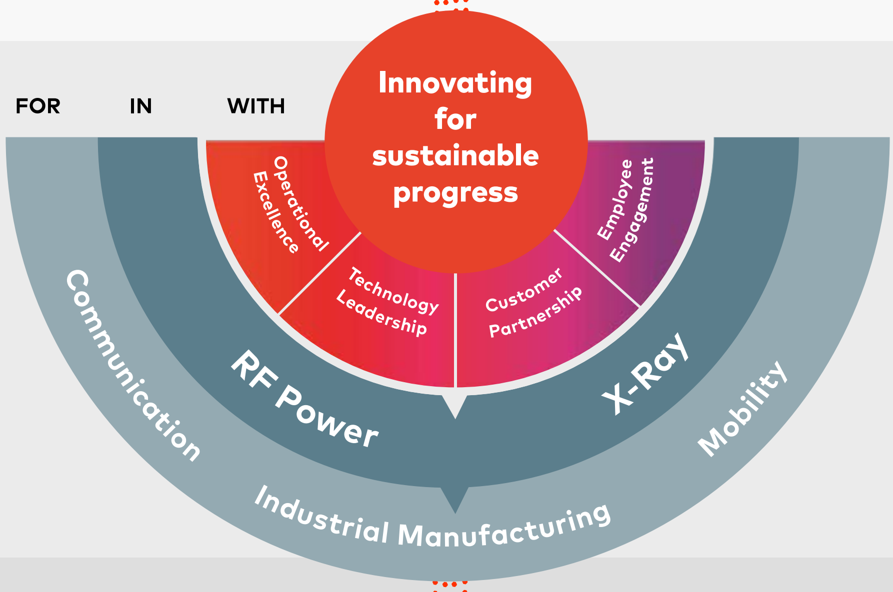
Environmental
- Implement roadmap for efficiency gains and renewable energy use
- Enforce sustainability through supplier selection

Social
- Build customer relationships and co-creation capabilities
- Invest in people, culture and values
- Engage in communities

Governance
- Monitor and train adherence to Code of Conduct and ethical principles
- Embed regulatory standards in day-to-day operations

Economic
- Maintain access to capital
- Achieve high brand recognition
- Make targeted investments

How we create value



The outcome we achieve

- Optimized efficiency and reduced greenhouse gas emissions
- Resilient and sustainable supply chain

- Increased customer loyalty and satisfaction
- Engaged, skilled and diversified workforce
- Strengthened license to operate

- High standards of behavior
- Full compliance with regulatory standards

- Sustainable financing of growth strategy
- Higher share of sales from semiconductor market
- Higher returns
- Capability to meet future customer needs

The impact of our actions

8 DECENT WORK AND ECONOMIC GROWTH

We provide stable and fair work for staff at all Comet locations worldwide.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Through innovation we contribute to a sustainable infrastructure.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We satisfy customer standards through binding supplier standards.

13 CLIMATE ACTION

We contribute to emission reduction and the efficient use of energy.

Along our value chain, we rely on numerous resources in order to manufacture our products and provide our services. This is always done with the aim of using these resources as efficiently as possible and of minimizing the risks associated with their procurement.

Environmental: As a manufacturing company, we depend on a reliable supply of energy and raw materials. Wherever possible, we procure electricity from renewable sources such as hydropower, solar or wind energy. When purchasing raw materials, we work with suppliers who can provide us with information about the origin of their products and who are interested in long-term business relationships. At our own production sites around the world, we are always working to keep our processes and facilities up to date in order to continuously improve production efficiency and thus reduce material and energy consumption. While we see only low environmental risks in our internal processes, we are exposed to developments in global energy and raw material markets and to disruptions in our supply chains.

Social: As a corporate citizen, we are aware of our responsibility in a world with ever more people and limited resources. Qualified and highly committed employees are central to our past and future success. We invest in a corporate culture that – in everything we do – is based on customer orientation, on empowering people and on trustful collaboration.

Governance: The individual behavior of each one of us – how we interact with colleagues, customers, suppliers, and all other stakeholders – determines our success as a company. The values and principles of our Code of Conduct form the foundation of our corporate culture and the basis for all our actions and decisions. We strive for best-in-class governance in order to safeguard our excellent reputation. This mitigates the risk of losing customers, suppliers or employees.

Economic: We invest a high proportion of our profit in targeted long-term and sustainable growth. Access to sufficient equity and debt capital is ensured by our company's balanced and conservative financial policy. Operating from this position of financial strength, we have consistently delivered value for our stakeholders over the past decades. Our success story is reflected in high awareness of the Comet brand among customers and competitors.

As a pioneering and leading tech company in radio frequency power and x-ray technology, we make a growing contribution to a safer, more efficient, and sustainable world of industrial production, communications, and mobility. We are the high-tech company of choice for all those who are actively shaping the future and an employer for all who want to get involved, make a difference, and explore new territory. We are committed to continuously developing our four core competencies of operational excellence, technology leadership, customer relationships and employee engagement. With our forward-looking technologies, we are a preferred partner to the most innovative companies in our markets. We stand for solutions and services deliver high value-added and sustainable progress. In pursuing our aims, we are guided by our long experience and keen spirit of discovery and innovation.

Led by experience. Driven by curiosity.

Environmental: The thoughtful use of energy and resources, the expansion of renewable energy use, and a constant increase in efficiency throughout the entire value chain – with a focus on suppliers and production – together lead to a reduction in the emissions we cause. The data systematically collected in relation to this formed the basis for our climate roadmap.

Social: Through our activities in the social realm, we create value for our employees, our customers and our communities worldwide. Our employees benefit from progressive working conditions, a high standard of occupational health and safety, and a culture based on trust. This creates the foundation for superior performance and thus a high level of customer satisfaction and loyalty that in many cases endures over years. Finally and importantly, we fulfill our social responsibility by supporting community projects and privately funded initiatives.

Governance: Strict adherence to and full compliance with laws, policies and regulatory standards at the local, national and international level is an important asset on which our reputation is based. The ethical conduct of all individuals and partner organizations with whom we work also contributes to this. All internal and external stakeholders can rely on us to treat them fairly and ethically at all times.

Economic: Thanks to our strong positioning, solid financial footing, secure access to capital and the successful implementation of our focus strategy, we are growing our business. Anticipating customer needs and investing in advance are key in helping customers succeed with our leading-edge technologies. Backed by the Group's sustainable financing, we will continue to fulfill these activities in the long term and thus add value for all stakeholders.

The Comet Group contributes to the achievement of the Sustainable Development Goals developed by the United Nations as part of the 2030 Agenda. With our long-term and sustainable focus strategy, we aim to provide measurable added value as well as a clearly identifiable contribution to the improvement of the environment, society and the economy. Our focus is on those objectives over which we have the greatest influence in our business:

Decent work and economic growth: Our technologies are at the heart of digitalization. As a company with a long teaching tradition, we support dozens of apprentices, trainees and young professionals and help pave their road to success. By doing this, we actively contribute to economic growth, as these young talents become crucial for developing our innovative products that play a vital role in the digitalization of society.

Industry, innovation and infrastructure: As a critical supplier and partner to the semiconductor/electronics industry as well as to the automotive, aerospace and security market, we are co-creating with our customers to develop the innovative solutions that provide sustainable progress and improve safety, security and quality of life for people everywhere.

Responsible consumption and production: We reject the ruthless pursuit of profit at the expense of the environment and society. We strive for a balance between economic, environmental, and social goals by training and sensitizing our employees worldwide regarding ecological and social aspects, by and also involving customers, suppliers and other interest groups.

Climate action: We are committed to actively addressing climate change and contributing to the climate goals of the 2030 Agenda for Sustainable Development. To this end, we have developed and are implementing a climate action roadmap.

Following the sale of the ebeam business in 2020, the Comet Group is concentrating on its traditional technology areas of plasma control and x-ray, as well as on expanding its service business, which is based on the growing use of artificial intelligence and machine learning in all areas of life. By focusing on these two technologies, we want to exploit the considerable potential of the digital world.

Comet is focused on four core markets with strong long-term growth. First and foremost, the semiconductor and electronics market offers enormous potential for all three divisions. In addition, the traditional automotive, aerospace and security industries offer attractive opportunities for us, particularly in innovative segments such as battery testing for electric vehicles. Comet's diversified market focus puts it in an ideal position to benefit from current and future trends in these key industries.

The semiconductor and electronics market is and will remain the central market for Comet - despite its cyclical nature. Forecasts predict high single-digit growth for the semiconductor market until 2030. Demand for sensors and microchips is also rising steadily in traditional industries. We therefore expect to generate over 80% of our sales with high-tech X-ray and plasma control solutions for the semiconductor & electronics market in the coming years.

As a globally active company with Swiss roots, Comet generates more than 99% of its sales in the key regions of Asia, North America and Europe. As an important supplier to the dynamic semiconductor industry, we ensure proximity to our customers with a sensible choice of location. The choice of location also has a significant influence on the selection of our suppliers and the design of efficient supply chains. In view of the trend towards regionalization in semiconductor manufacturing, we must be able to adapt our production network quickly and flexibly.

The semiconductor industry and its suppliers, including Comet, are facing various challenges in connection with climate change. The production of semiconductors consumes significant amounts of electricity, water and process gases, which results in a significant CO_2 footprint. In the automotive, aerospace and security industries, there is also a need to reduce climate-damaging emissions.

In the semiconductor industry, Comet's core market, producers rely on innovative manufacturing processes and the use of gases with a lower global warming potential in order to reduce their CO_2 footprint. Semiconductor manufacturers are pursuing ambitious environmental strategies, such as the use of 100% renewable energy in the short term, or the goal of reducing emissions to net zero by 2050.

To achieve their climate targets, semiconductor manufacturers are involving their suppliers in efforts to reduce their greenhouse gas footprint. We want to support them in achieving their targets in this regard. But that's not all: driven by the incentive to make a contribution to reducing greenhouse gas emissions, Comet has launched a comprehensive ESG program, which is being implemented step by step.

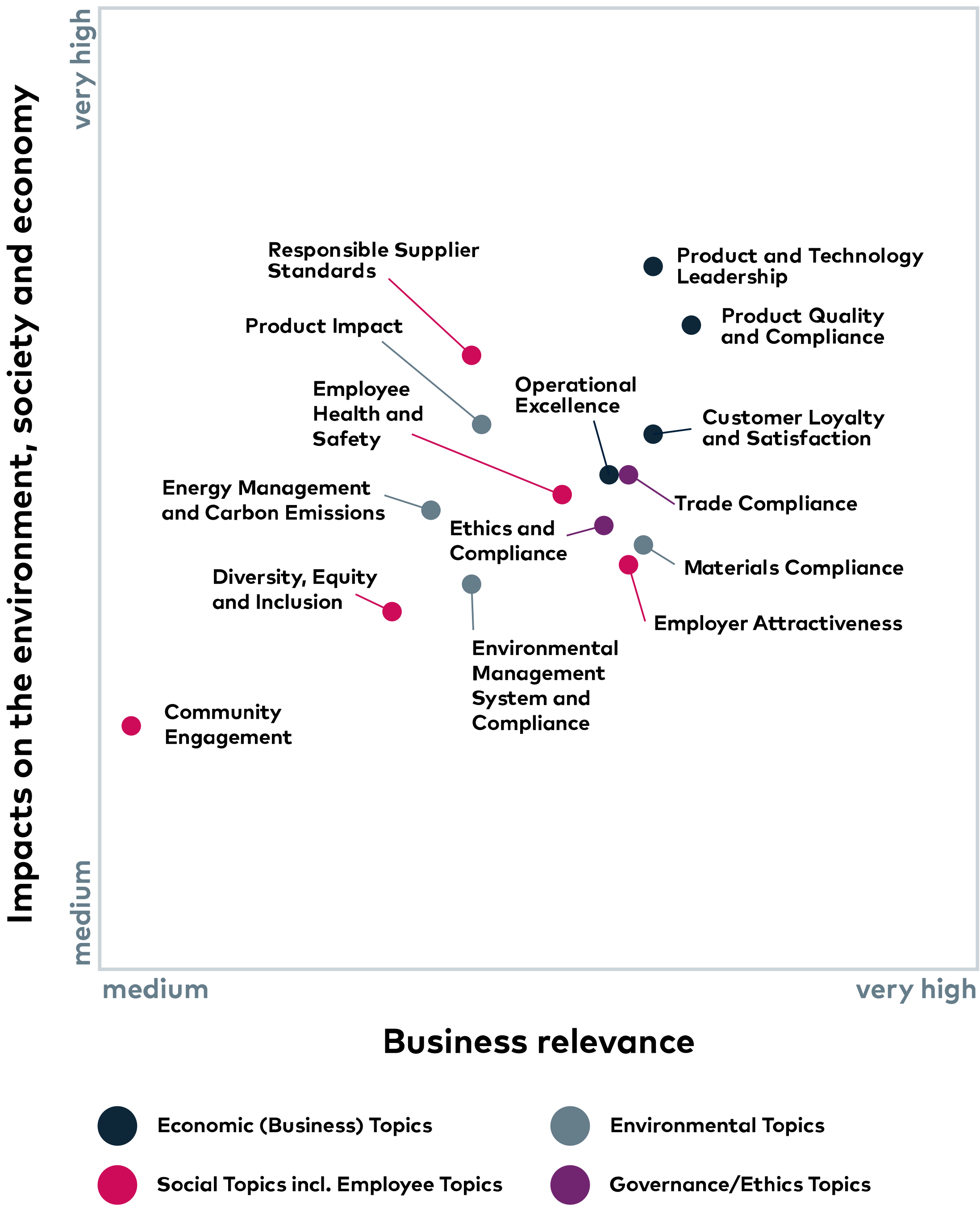
Material topics

Comet made significant progress in implementing its sustainability strategy in 2023. Notably, greenhouse gas emissions were estimated in the value chain (Scope 3 according to the Greenhouse Gas Protocol) for the first time, an eco-design project was launched, and an action plan was developed to switch the Comet Group to 100% electricity from renewable sources by 2030. In another first, Comet developed a report on non-financial matters under Swiss law. This is largely based on the Report in Accordance with GRI Standards. The content of the Report in Accordance with GRI Standards, which applies the concept of double materiality, addresses those topics that have the greatest medium- and long-term impact on the environment, society and economy and the greatest relevance for business success.

To ensure that the key topics are up to date, Comet regularly reviews which topics are central to the long-term, sustainable development of the company. The aim of updating the materiality analysis in the reporting year to incorporate dual materiality was to review the relevance of the topics already identified in previous years and verify the strategic parameters for the prioritization of topics. The selection of topics itself is based on the central elements of the corporate strategy and of long-term planning on the one hand, and on inputs from management and stakeholders on the other.

As part of a context analysis, the existing material topics developed in 2021 were first examined as to whether they remained relevant in light of the present business model, and were found to remain appropriate. The topics from the economic, environmental, social and governance categories were then analyzed according to the principle of double materiality: Relevant stakeholder groups assessed the impact of these topics on the economy, the environment and society in a survey. Feedback from a total of 67 stakeholders was incorporated, including investors and analysts (with a weighting of 25%), suppliers and business partners (weighting of 25%), customers (weighting of 25%) and Comet employees (weighting of 25%). In a second survey, a total of 32 managers from Comet's various divisions and from Group headquarters assessed the materiality of the topics for the company's long-term business success. The resulting materiality matrix was validated and approved by the Executive Committee and the Board of Directors of Comet Holding AG.

The result of the materiality analysis is presented in the materiality matrix. The 15 material topics form the basis for this sustainability reporting.



We work closely with Comet's stakeholders to improve performance on our material topics. Our most important stakeholders are our employees, customers, suppliers and shareholders. Some of these stakeholders have a direct influence on the improvement of the material topics, while others are affected by the resulting measures. We are therefore in regular contact with these stakeholders, in some cases even on a daily basis. Typical interactions include quarterly conference calls between the CEO and CFO and employees, interactions via the Viva Engage social networking platform, regular meetings and phone calls with customers and suppliers, investor conferences, capital market days with financial analysts and shareholders, and the annual meeting of shareholders. In 2023, the dialog with our stakeholders led to various measures taken in all four dimensions – economic, environmental, social and governance. Examples include the introduction of a new x-ray system tailored to customers in the semiconductor industry, the inclusion of environmental criteria in the planning of a new building in Penang, Malaysia, and Comet's full coverage of the loss of income caused by short-time working in Flamatt.

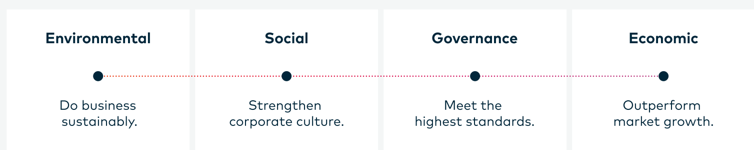
Sustainability at Comet

Strategy: the Comet way

For 75 years, we have been developing and producing innovative high-tech components and systems based on x-ray and radio frequency technology. Consistent alignment with global trends and developments was and is the basis of our success.

For Comet, sustainability is one of the central pillars of the high-performing organization we strive for, alongside technological leadership. Consistent with this, our company has long been actively committed to the concerns of the socially disadvantaged, to supporting and delivering the training of young people, to promoting diversity, and generally to reducing energy consumption and using sustainable energy sources. In order to further intensify these efforts and coordinate them even better within the Group, we want to work in these areas in a structured manner at a global level. As a company that is aware of its social responsibility and knows how to live up to it, we set ourselves long-term goals that we implement in small steps in the short term in order to improve every day.

Adding value beyond shareholder return



The main objective of our sustainability program is to create value-added that goes beyond the financial return for our shareholders, and do so based on quantifiable criteria. To emphasize the seriousness of this commitment, in 2023 we integrated non-financial key performance indicators (KPIs) into the Executive Committee's long-term incentive plan (LTIP). This underlines our clear commitment to sustainability, with the aim of continuously improving our environmental, social, governance and economic performance. Our approach combines long-term thinking with an incremental approach, consistently implementing one step at a time.

Sustainability encompasses a broad array of aspects, including climate action, compliance with legal and contractual obligations, and acting responsibly in our dealings with people. In response to these diverse requirements, Comet has taken specific measures since first implementing its formal sustainability program, which cover the following areas:

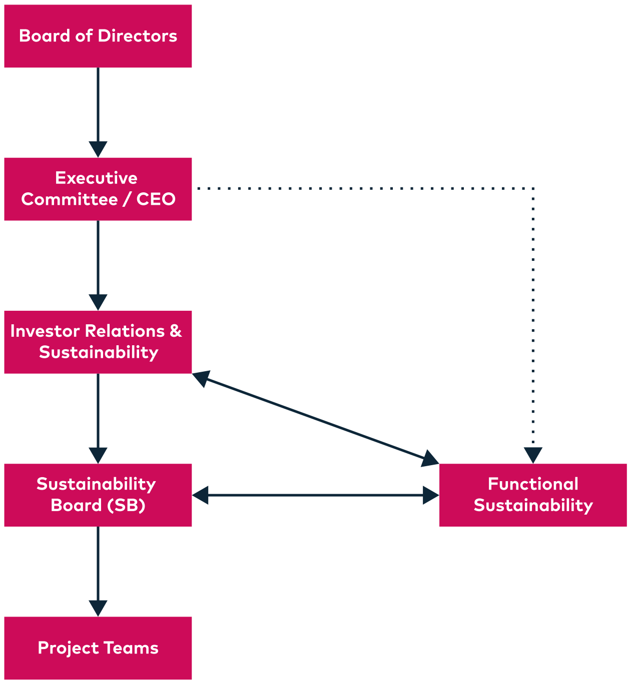
Gradual improvement of our sustainability performance

- Evaluation and definition of material topics
- Analysis of the status of the material topics
- Development of an overarching sustainability strategy with a focus on climate protection
- Creation of appropriate sustainability governance structures
- Annual definition of focus areas and step-by-step implementation

We take a systematic, yet pragmatic approach to sustainability. Aligning the sustainability strategy with the business strategy is one aspect. Sustainability is a priority for the Board of Directors and the Executive Committee. Just as important for success, however, is the integration of sustainability consciousness into the corporate culture in order to involve and engage every employee. Sustainability goals can only be achieved if they are lived by the people in the company and are thus in line with Comet's values and convictions. To accomplish this, we must raise awareness among all employees that sustainability is pursued not only to serve the company, but also as a guarantor for a future worth living for us all. We therefore encourage our employees wherever possible to participate in generating ideas and implementing them in a bottom-up approach. At the Flamatt site alone, the call to our employees to contribute ideas for improving our environmental footprint resulted in about 100 suggestions with impacts ranging from relatively small to large. Some of the ideas have already been implemented, others will follow. One thing is clear: We are not driven by regulations and rankings as much as by the firm conviction that Comet's long-term success is closely linked to sustainable business practices.

Governance and organization

Sustainability must be part of strategic management and corporate planning. This is because the company can take a holistic view only when sustainability is integrated in the ways the company is managed. Through forward-looking governance practices, Comet can positively influence environmental, social and economic development. Accordingly, we strive to integrate sustainability into each of our many business processes. To do so, the measurement and management of sustainability performance must be integrated into corporate strategy and governance. Taking sustainability into account throughout the corporate management process is therefore a prerequisite for effective sustainability management.



The Board of Directors is responsible for overseeing and approving the sustainability strategy. It is also responsible for the review and approval of the annual sustainability reporting as part of the reporting process. The Board receives quarterly updates on the progress made in implementing the strategy and thus monitors the achievement of the sustainability targets. Specific subject areas are dealt with by the relevant committees of the Board of Directors. For example, the Audit Committee covers reporting, the Technology Committee deals with eco-design, and the Nomination & Compensation Committee handles the non-financial aspects of executive compensation. The practical implementation of the sustainability strategy is delegated by the Board of Directors to the Executive Committee.

The Executive Committee is responsible for executing the sustainability strategy and preparing the annual sustainability report. The Chief Executive Officer (CEO) assumes the role of sponsor for the sustainability program. The Executive Committee is supported in the implementation of the strategy by the Vice President of Investor Relations & Sustainability (VP of IR & Sustainability).

The VP of IR & Sustainability is responsible for planning, organizing and monitoring the operational implementation of the sustainability program. He or she coordinates the cross-functional and cross-project activities and, as chair of the Sustainability Board, leads the preparation of this body's decisions. The VP of IR & Sustainability reports to the Executive Committee on a quarterly basis on the progress made in executing the strategy.

The Sustainability Board, consisting of representatives from the upper management levels of the company, also meets quarterly. It discusses ongoing sustainability initiatives, initiates new projects and prepares sustainability targets for approval by the Executive Committee. The Board ensures the coherence of the sustainability initiatives within the Comet Group.

The detailed elaboration and operational implementation of the sustainability initiatives is carried out in various project teams that cover the material topics. These are made up of representatives from the divisions and Central Services (Group functions) who are responsible for the respective topic in their area of activity.

Climate action roadmap

The semiconductor industry and its suppliers, including Comet, are facing various challenges in connection with climate change. Semiconductor fabrication consumes significant amounts of electricity, water and process gases, resulting in a considerable carbon footprint. Furthermore, demand for microchips is forecast to increase by about 9% annually from 2023 to 2030, which will further increase the environmental footprint of production. In important markets such as the automotive, aerospace and security industries, there is also a need to reduce climate-harming emissions.

In the semiconductor industry, Comet's key market, manufacturers are focusing on innovative production processes and the use of gases with a lower greenhouse potential in order to reduce the carbon footprint. Semiconductor manufacturers are pursuing ambitious environmental strategies, such as the use of 100% renewable electricity in the short term or the goal of reducing emissions to net zero by 2050.

To achieve their climate targets, semiconductor manufacturers are involving their suppliers in efforts to reduce their greenhouse gas footprint. For Comet, this results in the need, in addition to the will, to make a contribution to lowering greenhouse gas emissions.

Climate reporting

In the sustainability report for 2023, Comet is publishing information on climate-related risks and opportunities for the first time, in accordance with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). The reporting covers the identified physical and transition risks and opportunities that could affect Comet's business model. The governance structure, strategy, risk management process and relevant key performance indicators are also stated. These elements serve to overcome challenges related to climate change, mitigate potential negative financial impacts and leverage potential benefits.

Governance

The Board of Directors oversees and approves the sustainability strategy, including its climate-related aspects. It is also responsible for overseeing and directing the development of a climate action plan. Climate issues, like Comet's other material topics, are discussed by the Board of Directors on a quarterly basis as part of the business transformation agenda. In addition, climate risks will be integrated into the deliberation on business risks from 2024. Their discussion and review are on the agenda of the Board of Directors at least twice a year. A detailed description can be found in the "Governance and organization" section of this report.

Strategy

In 2021, Comet launched a formal, Group-wide sustainability initiative that also includes climate-related aspects. Part of this initiative is a climate action roadmap to guide Comet in analyzing and reporting its greenhouse gas emissions in detail. The aim is also to review scenarios for reducing these emissions and to set ambitious targets in line with the Science-Based Targets Initiative (SBTi). Specific action measures have been adopted to achieve these goals, including the development of a climate action roadmap and the initiation of a group-wide eco-design project.

In 2024, Comet will further develop the climate action roadmap in a top-down process. We already implemented various initiatives in 2023 using a bottom-up approach. This included reporting on Scope 1 and Scope 2 emissions, setting initial targets for Scope 2 emissions, obtaining a first estimate of Scope 3 emissions, and various measures to reduce the carbon footprint. The intended step of committing to the goals of the Science-Based Targets initiative has been postponed until the end of 2024 in order to gain a deeper understanding of the potential to reduce emissions in the value chain before the targets are submitted.

Comet is conscious of the urgency of climate action. However, we also recognize that the commitment to medium-term, science-based targets (SBTs) and the achievement of net zero emissions in the long term can only realized by continually overcoming numerous challenges. These include reducing CO_2 emissions when purchasing materials and when customers use our products. Achieving progress in this area requires close collaboration with customers, partners and suppliers.

Focus on analysis and initial implementation measures

To tackle the challenges of climate change and reduce our CO_2 emissions, the following measures will be the most important components of our action plan.

Six main drivers to reduce our carbon footprint:

Six main drivers to reduce our carbon footprint

- Switch facilities to the use of electricity from renewable resources
- Identify and execute energy efficiency measures in our operations and value chain
- Incorporate eco-design thinking in product development
- Set measurable targets, monitor achievements, and report on our progress
- Develop processes and frameworks to enhance data quality and accurately measure progress
- Encourage suppliers to participate in this effort and drive sustainability in their operations

In our operations we have carried out various initiatives in recent years. For example, our own plant in Flamatt, Switzerland, is operated on 100% renewable electricity. At our leased sites, in Hamburg, Germany, and San Jose, California, we also purchase completely renewable electricity from the landlords.

With regard to Scope 3 emissions, we reviewed the initial findings from the previous year and, on this basis, expanded the categories with the greatest impact on Comet's greenhouse gas (GHG) emissions. This process led to the conclusion that seven of the 15 Scope 3 emission categories are responsible for the majority of GHG emissions:

- Category 1 – Purchased goods and services
- Category 2 – Capital goods
- Category 4 – Upstream transportation and distribution
- Category 6 – Business travel
- Category 7 – Employee commuting
- Category 9 – Downstream transportation and distribution
- Category 11 – Use of sold products

Based on a previous analysis, Comet has carried out an initial Scope 3 screening. For what we consider to be the most important categories, we estimated the approximate greenhouse gas emissions using a spend-based economic input-output method. This screening revealed that the Scope 3 emissions of approximately 61,000 tons of CO_2 equivalent account for about 90% of the total emissions directly or indirectly caused by Comet. Further work to calculate Scope 3 emissions more precisely is planned for 2024 in order to achieve higher transparency and data quality. Based on this refined database, Comet intends to develop initiatives to reduce Scope 3 emissions.

Climate-related physical risks and transition risks

Comet differentiates between physical and transition climate risks, in accordance with the guidelines of the Task Force on Climate-related Financial Disclosures. Physical risks result from direct climate events and have a direct impact on Comet's business activities. Transition risks, on the other hand, arise from the gradual decarbonization of the economy or from changes in the legal, social, economic and technological environment. The most significant risks for Comet include:

Risk	Characterization	Description
Disruption of the supply chain due to natural disasters	• Acute physical risk • Upstream value chain • Short-term time horizon • Very likely to occur • Low to medium impact expected	As part of the manufacturing industry, Comet is dependent on a supply of raw materials and intermediate goods for its products. Climate change is expected to lead to an increased likelihood of storms and natural disasters, which could cause temporary disruptions to supply chains.
Impact of storms and other extreme weather events on Comet sites	• Acute physical risk • Upstream value chain • Short-term time horizon • Very likely to occur • Low to medium impact expected	Some of the company's sites are located in the Northwest Pacific region, a hot spot for tropical storms. Climate change could lead to an increase in typhoons and other extreme weather events, which would expose these locations to increased risk of damage.
Rising costs for raw materials and intermediate goods	• Transition risk • Upstream value chain • Short to medium-term time horizon • Very likely to occur • Medium impact expected	Comet uses highly specific materials to manufacture its products. Due to changing ESG or climate-related regulations, including additional CO2 taxes impacting global supply chains, the cost of raw materials could increase, which would pose a financial risk. In addition, the availability of certain raw materials could be limited due to geopolitical circumstances.
Regulation of existing products and services	• Transition risk • Downstream value chain • Medium-term time horizon • Likely to occur • Medium impact expected	Stricter regulations could pose a risk to the sale of Comet's existing products and services. For example, the European Ecodesign Directive sets environmental performance requirements for the design of energy-using products.
Customer demands for a reduction in CO2 emissions from products and the transition to energy from renewable sources	• Transition risk • Downstream value chain • Short to medium-term time horizon • Very likely to occur • Low impact expected	The semiconductor industry, which accounts for over 70% of Comet's net sales, is resource-intensive and generates significant CO2 emissions. Comet's customers are therefore striving to reduce CO2 emissions in their upstream value chain. Should Comet not participate in these efforts, it could lead to a loss of business opportunities.
Reputation risk: Public demand for continuous review of climate risks and publication of the results of the analyses	• Transition risk • Medium to long-term time horizon • Unlikely to occur • Low impact expected	Reputational risk becomes relevant if interest groups, including investors, react inappropriately to the company's response to climate risk or to its disclosure of information. Such reactions can have a financial impact; for instance, by making it more difficult to raise capital or leading to the loss of business opportunities.

Strategic elements for enhancing climate-related risks for Comet's business

Comet expects that the downstream transition risks resulting from the shift to a low-carbon economy will have an impact on Comet's business, particularly with regard to the entire semiconductor industry. However, these developments have medium-to long-term relevance, which is why they are not currently a high priority for Comet. Nonetheless, Comet plans to carry out a more detailed analysis of climate-related scenarios in order to gain a deeper understanding of the climate-related risks.

In 2023, Comet launched an ecodesign initiative, which includes an action plan, training and life cycle assessments to better understand the CO_2 footprint of the products. The aim is to continuously optimize the product portfolio while taking sustainability aspects into account, including investment in research and development.

Climate-related opportunities

In addition to the risks, Comet has also identified two climate-related opportunities that could potentially have a significant financial or strategic impact on the company.

Opportunity	Characterization	Description
Increased demand for products and services	• Downstream value chain • Medium to long-term time horizon • Medium to high impact expected	X-ray systems are attracting growing interest in the manufacturing processes of the semiconductor advanced packaging sector as well as in the other major industries that Comet serves. These include the automotive, aerospace and security markets. In all these sectors, x-ray systems lead to an improvement in production processes. Moreover, with 100% x-ray inspection, the quality of the manufactured parts themselves can also be improved to such an extent that standard safety factors in the design calculations can be reduced. This reduces material and energy consumption. The growing recognition of the climate issue should therefore lead to higher demand for Comet's products in the medium term.
Resilience in energy procurement	• Upstream value chain • Medium-term time horizon • Low to medium impact expected	The procurement of local, renewable energy reduces dependence on the global energy market dominated by fossil fuels, meets modern social and industrial climate expectations and contributes to climate action.

Strategic elements for enhancing climate-related opportunities for Comet's business

Based on expert projections, Comet expects the OSAT market (Outsourced Assembly and Testing) to grow strongly by around 8% over the next two to five years. In response, Comet is working closely with a leading OSAT company to develop innovative solutions for integrating energy-efficient x-ray monitoring into microchip packaging processes. Although this project does not entail any financial risks, it offers significant opportunities for Comet to establish itself as a product and technology leader in this expanding market. In addition, opportunities are opening up for Comet in its traditional markets, such as the automotive, aerospace and security industries. Applying 100% inspection using x-rays can improve the quality of the manufactured parts to the point that standard safety allowances in the design process can be reduced. This in turn leads to a reduction in material and energy consumption.

Comet has recognized the importance of energy management and is pursuing a strategy to strengthen its own resilience in the energy procurement market. This strategy includes the transition to the exclusive use of local, renewable energy sources. Comet has already begun the changeover to renewable electricity in recent years and plans to intensify these efforts in the near future. This strategic orientation is also reflected in the selection of new plants to be leased and in the collaboration with current lessors to drive forward the transition to renewable electricity. As a result of these efforts, the sites in Flamatt, Switzerland, Hamburg, Germany, and San Jose, California, have switched completely to renewable electricity. In the near term, Comet plans to implement a policy for electricity procurement in order to harmonize and standardize the procurement of renewable electricity at all sites.

Risk management

In 2024, Comet will integrate climate-related risks into its existing, multidisciplinary risk management process. This includes a regular review of the risk and opportunity assessment at each production site. Risks are identified for all time horizons in a top-down approach that covers the entire value chain from suppliers to customers. This identification is validated in collaboration with the divisional management and the site managers. The main risks are to be extracted, categorized in a matrix and assessed in terms of their probability of occurrence and the potential for harm. Comet plans to quantify the potential impact of these risks and opportunities in the near future.

For risks that are classified as significant, Comet develops action plans to reduce both the probability of occurrence and the severity of the potential damage. The Executive Committee regularly reviews the effectiveness of these action plans and the entire risk portfolio and decides on any necessary adjustments. The Executive Committee informs the Audit Committee and Board of Directors of its findings. The necessary risk management measures are discussed and decided at the top management level, after which implementation is delegated to the respective departments and/or locations. In addition, the results of the risk management process are incorporated into the annual review and approval of the business strategy by the Board of Directors and are integrated into the documented risk management process implemented by the Executive Committee.

Metrics and targets

Since 2021, Comet annually publishes key performance indicators on greenhouse gas emissions and its general sustainability performance in accordance with the GRI Standards. The climate-related indicators are presented within the Sustainability Report, in the section "Report in Accordance with GRI Standards", under the heading "Environment". Comet's targets, too, are explained in the Sustainability Report, in the section "Climate action roadmap", heading "Targets and priorities".

Targets and priorities

On the path to our long-term net-zero ambition, we set our first climate-related targets in 2022. Over time, we will develop further targets, based on our package of measures, to help us monitor the efforts and measures we have adopted to achieve net zero by 2050 at the latest.

First climate targets set

Planned committment to Science-Based Targets initiative

80% of electricity from renewable resources

100% of electricity from renewable resources

Net-zero ambition by 2050 at the latest

For 2024, we have set five priorities to progress in our CO_2 emission reduction activities and improve our processes in order to further increase transparency with regard to the quality of our sustainability reporting:

1. Take the next steps in our climate roadmap

- Refine the Scope 1, 2 and 3 data
- Implement pilot projects to determine the CO_2 footprint of our products (the product carbon footprint, or PCF)
- Integrate the eco-design approach in research, development and production

2. Set environmental targets for the individual Comet sites

3. Improve the collection of environmental data through use of a cloud-based software solution; focus on CO_2 emissions

4. Further develop the database to comply with the TCFD framework: governance, strategy, risk management, metrics and targets

5. Submit commitment to the Science-based Targets initiative (SBTi)

Integrating the eco-design approach in research, development and production

Eco-design principles are an important aspect of product development for Comet in the drive to reduce the environmental impact over the entire life cycle of the products. By implementing eco-design principles along the product value chain, we aim to improve the eco-friendliness of our products without compromising their functional properties. Measures already implemented at Group level include the reduction of process-related waste and of packaging materials, and the transition to lighter or environmentally friendly packaging. However, the implementation of measures in product design, particularly in the semiconductor industry with its long life cycles and "copy exact" specifications, requires a longer time frame for implementation.

With the eco-design approach, we not only want to improve the environmental footprint of our products. We also strive to take social and economic aspects into account by systematically integrating them into the research and development processes and throughout the whole product life cycle. To this end, we recently launched an action plan that includes training for our employees and pilot projects on eco-design approaches ro record and optimize the environmental footprint (PCF) of selected products. Gradually, the entire product range is to undergo systematic PCF analysis and eco-design is to be integrated into the development of new products within the next 12 months.

Report in Accordance with GRI Standards

In this Report in Accordance with GRI Standards, the management approaches and selected GRI disclosures relating to the material topics as presented in the Sustainability Report are explained in more detail.

Environmental

Materials Compliance

Materials compliance refers to compliance with certain standards and specifications in the selection and use of materials in products and processes. These standards can relate to various aspects, such as quality, safety, environmental sustainability, and health risks. For Comet as a manufacturer of industrial products, an indispensable requirement for doing business worldwide is compliance with regulations relevant to the environment and to market access – such as Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), Restriction of Hazardous Substances (RoHS), and the Toxic Substances Control Act (TSCA) – as well as with legislation driven by international law and ethics, including conflict minerals legislation, the Dodd-Frank Act and Regulation (EU) 2017/821.

Report on conflict minerals

In accordance with the "Ordinance on Due Diligence and Transparency with regard to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO) of 3 December 2021 (status as of 1 January 2024)"

Comet has a responsibility to its customers to provide a supply chain of the highest quality that meets all established product performance standards and expectations. Our purchasing department maintains high standards in its supply chain by continuously evaluating new suppliers, and also by regularly assessing the performance of established suppliers. This is all the more important as the careful selection and maintenance of relationships with suppliers who adhere to ethical and sustainable practices contribute significantly to Comet's business success.

The purchasing group maintains a trust-based relationship with its suppliers and pursues long-term strategies and goals with them. It also creates an environment in which Comet and its suppliers can continue to develop without making even the slightest compromise regarding compliance with the Comet Group's Supplier Code of Conduct for ethically sound and legally compliant behavior. The purchasing team also ensures that this code is practiced and adhered to by suppliers.

To supplement the suppliers' self-declaration in the form of the signed Supplier Code of Conduct, we work together with the external supply chain specialist Assent Compliance Inc. The Assent platform collects the data required for compliance with REACH, RoHS, Conflict Minerals and TSCA. With this solution, we can ensure that our suppliers comply with all relevant laws and regulations. Suppliers who do not submit data to Assent will be contacted directly and asked to provide the required documentation. Where appropriate, we will work with our suppliers to identify measures for improvement. However, we also reserve the right to terminate the business relationship with suppliers under applicable laws if they do not comply with the Code or to take legal action against suppliers.

Comet imports individual raw materials and semi-finished products into Switzerland to manufacture its products, which are used in numerous industrial manufacturing processes in the semiconductor industry and in non-destructive testing. Only the metals imported by Comet in the reporting year under the designation "Other semi-manufactures and articles of tungsten" with customs tariff number 8101 99 00 pursuant to the Swiss DDTrO, annex 1, part B are subject to the provisions on due diligence and reporting obligations. Of these, Comet imported 684 kg of these metals in the reporting year and thus exceeded the exemption limit of 350 kg.

The purchased tungsten and its alloys are used mainly by the Industrial X-ray Modules division as anodes and cathodes in x-ray tubes. These materials are added in small quantities to form alloys used in electronic components or in turning and milling tools.

With regard to imported tungsten and tungsten alloys with tariff number 8101 99 00, Comet has largely implemented the obligations arising from the following legislation:

- Regulation (EU) 2017/821 and its Delegated Regulation (EU) 2019/429
- Dodd–Frank Wall Street Reform and Consumer Protection Act, Section 1502 on Conflict Minerals

Through the implementation of the obligations under Regulation (EU) 2017/821 and its Delegated Regulation (EU) 2019/429, Comet is exempt, as defined in DDTrO, article 9, from the due diligence and reporting obligations in accordance with DDTrO, annex 2, part A.

By strictly adhering to all aspects of materials compliance, we eliminate a wide range of risks that could have serious consequences. These include health risks to employees and customers, environmental damage caused by our products, and legal and financial consequences that may arise from non-compliance with existing laws and regulations. It is therefore in Comet's interest that all employees involved in materials compliance receive regular training on this topic and understand both the underlying rules and any consequences of non-compliance.

We are committed to providing our customers with the highest-quality supply chain that meets all established product performance standards and expectations. Our purchasing department maintains these high standards by continuously evaluating the performance of our established suppliers.

The responsibilities for the processes are mapped in the Comet Group's management system. Essentially, the specifications for materials compliance are made at the Group level by the Vice President of Global Operational Excellence (VP GOE), who reports directly to the CEO. The VP GOE defines the compliance regulations together with the Group legal experts. The responsibility for implementation in the regions rests with the divisions, and accountability for it lies with the respective country general managers. Materials compliance activities are coordinated worldwide within the Quality & Excellence Board.

Environmental Management System and Compliance

The principle of sustainability is an integral part of Comet's corporate culture. We strive to offer our customers high-quality products and services while avoiding environmental risks and producing in ways that conserve resources. If these principles are disregarded, the company exposes itself to considerable risks. We use an environmental management system as a tool for managing our environmental footprint. Accordingly, we will define environmental targets for the individual sites based on ISO 14001.

Without such targets, it would be difficult to measure the achievability of our climate protection goals. We would also expose ourselves to legal and financial risks that could jeopardize our competitiveness in the long term. The principles of this approach are set out in the Comet Group's Quality, Environmental and Safety Policy, with supplementary information in the Code of Conduct.

While all our production and research and development sites are certified to ISO 9001:2015, Comet Yxlon (the IXS division) in Hamburg has gone further by designing and implementing an environmental management system in accordance with ISO 14001:2015. Smaller entities that perform only sales and marketing activities are not certified. To ensure compliance with environmental regulations, however, internal audits, customer and certification audits, benchmarking and best-practice applications are conducted at regular intervals at all production sites.

In 2023, Comet successfully achieved one single, Group-wide ISO 9001 certification. The Group-wide certification to ISO 14001 is to be tackled in stages over the course of 2024. The Vice President of Global Operational Excellence (VP GOE) is responsible for the performance of the Comet quality management system, including the process framework and architecture.

The VP GOE drives the definition, implementation, and improvement of Group-wide processes in close cooperation with the divisions. Among other responsibilities, the VP GOE sets minimum standards for non-financial KPIs and ensures certification and compliance with ISO standards. In this function, the VP GOE is supported by various boards and councils, such as the Operations Council and the Quality & Excellence Board, which includes the Q&E heads of the divisions. Accountability for environmental compliance rests with the respective country general manager, while responsibility for it lies with the division country manager. In the year under review, the Comet Group did not face any ongoing or completed legal proceedings for non-compliance with environmental laws or regulations. Likewise, no fines for environmental infractions were imposed on the company.

Energy Management and Carbon Emissions

All steps of the Comet value chain involve energy consumption and associated greenhouse gas emissions. Comet thus requires a stable and reliable electric power supply at its locations. Among the most significant risks are financial and operational risks from a possible power shortage, for which Comet was already preparing at the Flamatt site in the winter of 2022/2023, for example.

Energy consumption and emissions are also important in the upstream and downstream value chain, particularly in the production and transport of raw materials, semi-finished and finished products, as well as in the use of products by customers. In Comet's carbon footprint, these parts of the value chain contribute by far the most to total CO_2 emissions.

In the 2023 reporting year, Comet refined its environmental data collection process. This allows us to report consolidated Group-wide environmental KPIs for our production (Scope 1 and 2) as well as an initial quantitative estimate of Scope 3 emissions for the reporting year under CDP. As expected, Scope 3 emissions make up the lion's share, at about 61,000 tons or 90% of total CO_2 emissions.

Comet has developed a climate roadmap to meet short-, medium- and long-term CO_2 emission reduction targets and to progress toward the net-zero emission ambition by 2050. This roadmap also includes measures to increase the proportion of electricity from renewable sources in its energy mix. A renewables share of 80% is targeted for fiscal year 2025. By 2030, Comet plans to operate its sites exclusively with electricity from renewable sources. We have also taken the first steps in eco-design to further improve the environmental footprint of our products and to identify measures for the development of a reduction pathway along the entire value chain in accordance with SBTi requirements.

Numerous measures need to be implemented in order to achieve the net-zero target. With the knowledge gained from the refined environmental data collection and improvements in energy management, Comet intends to develop these measures using a systematic approach and implement them over the coming years. Thus, through detailed analysis, we want to understand the physical and transition risks arising from climate change – such as damage to buildings, production disruptions due to natural events, or new regulatory requirements – and identify measures to avoid the former as well as ensuring the readiness to comply with the latter. This issue will be addressed through our activities around TCFD and SBTi in the coming years.

Disclosures in accordance with GRI 302-1, GRI 305-1, 305-2

Environmental metrics [1]		2023 [2]	2022
Energy consumption (total)	**MWh**	**20,341**	**18,842**
Electricity (total)	**MWh**	**17,072**	**15,886**
of which renewable	MWh	11,176	12,465
Heating (total)	**MWh**	**2,352**	**2,038**
Heating oil	MWh	137	147
Natural gas [3]	MWh	1,940	1,639
District heating	MWh	275	253
Fuels (total)	**MWh**	**916**	**918**
Diesel	MWh	630	704
Petrol	MWh	271	212
LPG	MWh	16	2
Greenhouse gas emissions (total) [4]	**tCO_2e**	**4,960**	**3,301**
Greenhouse gas emissions (total)			
Scope 1 (total) [3]	**tCO_2e**	**655**	**598**
Heating [3]	tCO_2e	428	369
Fuels	tCO_2e	227	229
Scope 2 (total)	**tCO_2e**	**4,305**	**2,703**
Electricity [5]	tCO_2e	4,256	2,657
District heating	tCO_2e	49	45

1) Scope covers all of Comet's companies and locations
2) Figures 2023 were externally audited by Ernst & Young AG to obtain limited assurance regarding the compliance of the reported information with the GRI Standards
3) Restated for Malaysia in 2022: 3,023 MWh / 918 tonnes of CO2 / 652 tonnes of CO2 reported in 2022 Annual Report. See chapter "Basis of calculations and definitions"
4) Calculations in accordance with the WRI/WBCSD Greenhouse Gas Protocol guidelines. Scope 1: GHG emissions from own sources, e.g., fuels. Scope 2: GHG emissions stemming from the production of electricity and district heating. Sources for emission factors: Defra & IEA.
5) With the exception of Flamatt, Hamburg, and San Jose greenhouse gas emissions associated with the production of electricity were accounted for in accordance with the "location-based approach" under the Greenhouse Gas Protocol Scope 2 standard. No emissions stem from electricity consumption in Flamatt, Hamburg, and San Jose, as the sites run entirely on renewable electricity. Considering only the location-based approach, electricity consumption across all sites would be responsible for 5,579 tonnes of CO2e emissions in 2023.

Resource efficiency metrics [1]		2023	2022
Waste (total)	**t**	**1,940**	**2,444**
Non-hazardous waste (total)	t	1,829	2,265
– Incineration	t	123	138
– Landfill	t	613	1,024
– Recycling	t	1,092	1,103
Hazardous waste (total)	t	112	179
– Incineration	t	1	1
– Recycling	t	110	178
Water consumption	**m^3**	**30,718**	**31,466**

1) Scope covers all of Comet's companies and locations

Monitoring and reducing Scope 2 emissions is a key part of our strategy for achieving our short and medium-term emissions targets. For Comet, these emissions mainly consist of indirect greenhouse gas emissions that arise from the consumption of purchased electricity.

In the fiscal year under review, Comet recorded an increase in Scope 2 emissions, which was largely due to the expansion of our production activity in Penang, Malaysia. The expansion, although commercially beneficial, led to an increased environmental impact for the Comet Group. In contrast to the increase in Penang, electricity consumption in Flamatt fell due to the correction in the semiconductor cycle and the associated lower production volumes.

With the exception of the Flamatt site, Comet leases the premises at all its locations. This complicates emission management to the extent that the availability of renewable electricity at some sites is nil or limited. This also applies to the planned Penang site in Malaysia.

We are actively striving to meet these challenges. We plan to convert our facilities in Aachen to green energy in 2024. We also plan to develop our new building in Penang as a climate-neutral unit.

Although lowering Scope 2 emissions is a complex challenge, especially in regions with limited availability of electricity from renewable sources, we are committed to sustainably reducing our environmental impacts. Through focused planning and coordinated efforts, we aim to significantly cut our Scope 2 emissions.

Social

Employer Attractiveness

In a rapidly changing world of work, a company's attractiveness as an employer is more important than ever. With the emergence of new working models, changing values among the younger generation and increasing competition for qualified employees, employer attractiveness is at the center of Comet's interest. Having strong appeal as an employer helps to attract talented and committed employees to Comet and retain them in the long term. This safeguards Comet's future innovative ability and productivity.

By contrast, if Comet does not appear attractive in the eyes of potential and current employees, it may face a number of challenges. If we do not succeed in positioning ourselves as an attractive employer, we will be exposed to significant risks with regard to our workforce. These risks range from difficulties in recruiting talent, to high turnover rates and losses in productivity and innovation.

Comet focuses on attracting and retaining young talent. Networking with talented young people while they are still students and winning them for Comet, as well as identifying and fostering existing talent within the company, are top priorities. Ensuring an attractive, flexible and inclusive working environment is the basis for this. A corporate culture that appeals to and retains both current and future employees is crucial.

Last year this included, for example, the anniversary celebrations to mark Comet's 75th anniversary at all global locations as a thank you to our employees for their loyalty.

Comet took part in the five-day BAM.LIVE 2023 education fair in Bern to support young people in their career selection phase in technical occupations. In addition, numerous pupils were able to get to look into our professions as part of career orientation day. University students had the opportunity to find out more about Comet and the exciting careers its offers at ETH Zurich's Polymesse job fair.

In the extremely challenging 2023 reporting year, Comet had no choice but to introduce short-time working for some of the employees at the Flamatt site. By making a compensating payment, Comet was able to ensure that the affected employees – mainly staff from manufacturing and related areas – did not suffer any loss of earnings.

Our trainees took part in the Horizon Hydrogen Grand Prix (H2GP), a global education project. The aim was to deepen their knowledge of sustainability and renewable energy. In a multidisciplinary team, they built their own remote-controlled hydrogen car on a scale of 1:10, with the aim of covering the longest distance. As a sponsor and employer, Comet supported this exciting learning project, which offers real scientific and technical challenges for the next generation.

The retention and engagement of our employees and their loyalty to the company play just as important a role as hiring talented new people. We therefore periodically conduct market benchmarking and perform employee pulse surveys to monitor the level of satisfaction and engagement of our employees, and, when needed, initiate measures to strengthen it. To guide and support our recruiting of new talent, we conduct needs analyses, regularly review our policies and regulations and adapt them as appropriate.

We attach great importance to providing employees with good support beyond their working life at Comet. Here, the Human Resources team provides support during the transition to retirement as well as other departures from the company.

We regularly train our employees on subjects such as quality, continuous improvement, health and safety, products and sales, management and leadership, compliance and IT security. In 2023, we switched the majority of safety training courses to our online training tool. New employees are assigned courses when they join the company. In this way we ensure a global standard and raise awareness of occupational safety. Employees are asked to repeat the training courses at regular intervals and are informed of changes. In addition, twice a year we provide six-hour training courses on the subject of semiconductors to give staff solid insight into the semiconductor industry and our products and markets.

Disclosures in accordance with GRI 2-7

	Male			Female		
Composition of the workforce [1]	2023 [3]	2022	±	2023 [3]	2022	±
Workforce by employment contract	1,146	1,348	– 15%	373	415	– 10%
Permanent	1,104	1,184	– 7%	356	374	– 5%
Temporary	42	164	– 74%	17	41	– 59%
Workforce by employment type [2]	1,104	1,184	– 7%	356	374	– 5%
Full-time	1,006	1,078	– 7%	288	304	– 5%
Part-time	98	106	– 8%	68	70	– 3%

1) Definition of categories see chapter "Basis of calculations and definitions"
2) Permament staff only
3) Figures 2023 were externally audited by Ernst & Young AG to obtain limited assurance regarding the compliance of the reported information with the GRI Standards

Workforce by region	Europe		Asia		North America	
	2023	2022	2023	2022	2023	2022
Total	968	1,061	314	324	237	378
Permanent	920	897	311	292	229	369
Temporary	48	164	3	32	8	9

Workforce by employment type [1]	Europe		Asia		North America	
	2023	2022	2023	2022	2023	2022
Total	920	897	311	292	229	369
Full-time	754	723	311	291	229	368
Part-time	166	174	0	1	0	1

1) Permament staff only

Workforce by category[1]	Male 2023	Male 2022	Male ±	Female 2023	Female 2022	Female ±
Total	1,104	1,184	– 7%	356	374	– 5%
Production-related	587	663	– 11%	146	168	– 13%
Marketing and sales	155	162	– 4%	76	72	6%
General and administration	95	95	0%	100	101	– 1%
Research and development	267	264	1%	34	33	3%

1) Permanent staff only

Disclosures in accordance with GRI 401-1

Entries by gender[1]	2023	2022	±
Total	179	346	– 48%
Male	127	264	– 52%
Female	52	82	– 37%
Turnover rate[2]	20.1%	11.5%	–

1) Permanent staff only
2) Turnover rate 2023 externally audited by Ernst & Young AG to obtain limited assurance regarding the compliance of the reported information with the GRI Standards

Comet was forced to downsize its staff as a result of the correction in the semiconductor cycle and the generally weaker economy. This had a significant impact on the number of employees. Comet primarily reduced the number of temporary employees. Due to the weak order situation in the Plasma Control Technologies division, production-related jobs were disproportionately affected by the reduction. In contrast, Comet slightly increased the number of employees in research and development in order not to jeopardize its long-term technology leadership and to be prepared for the next upswing with new products. While the turnover rate among colleagues who left Comet involuntarily increased significantly, it remained almost the same for employees who left voluntarily in the reporting year.

Employee Health and Safety

Protecting employees' health and safety is a fundamental aspect of the working world that is essential both for the well-being of staff and the success of Comet. As part of the semiconductor value chain and thus of a high-tech industry, investing in effective health and safety measures is key for us. Our workforce is made up of highly qualified specialists, whether in production, sales, product management or research and development. Replacing these skilled people at short notice in the event of illness or absence due to (occupational) accidents is a major challenge. Comet experienced this during the pandemic. The rising number of sick colleagues coincided with full order books. It was therefore not easy for Comet to process the orders. In our cyclical industry, avoiding production downtime is vital. Taking a forward-looking approach to health and safety is both our responsibility to our employees, and an economic necessity for the long-term success of the company.

Our products and their manufacturing processes require appropriate attention and careful compliance with health and safety standards. The basic principles for this are set out in the Quality, Environmental and Health & Safety policy. Occupational safety is ensured, practiced and documented in our management system, which covers all employees, without exception, including external or temporary service providers, i.e., anyone working on our sites and in our buildings. Depending on the location, the organization of health and safety is tailored to the size of the unit and the potential hazards. It is essential to comply with local laws and regulations, such as Germany's Occupational Health and Safety Act ("Arbeitsschutzgesetz") and the rules of the German Social Accident Insurance system ("Deutsche Gesetzliche Unfallversicherung"), as well as, in Switzerland, the ten points of the Federal Coordination Commission for Occupational Safety ("Eidgenössische Koordinationskommission für Arbeitssicherheit", or EKAS).

Ensuring the health and safety of our employees is a top priority. For this reason, we strive to prevent occupational and other accidents. The use of lasers and chemicals as well as the emission of ionizing radiation in our manufacturing processes require appropriate measures to protect our employees from exposure to these potential hazards. In addition to these legal requirements, we also have an ethical and moral obligation.

The well-being of employees and customers is important to Comet's management. The organizational units of our company and all employees are responsible for safety and health at work. We are committed to complying with the appropriate laws and safety standards and conduct annual audits, depending on location and exposure. In addition, we report deficiencies or violations immediately so that they can be remedied as quickly as possible or avoided in the future, and we strive for improvements in safety at work.

Preventive measures are essential for us. Occupational health and safety are regularly addressed in training or development. Each employee should feel physically and mentally fit at work and in the work environment.

Comet USA organized this year's health and wellness fair in San Jose with external partners from the healthcare sector. At the stands, employees had the opportunity to take part in personal health tests and find out how healthier habits can help to improve their well-being. In Switzerland, a workshop for line managers was held at the Flamatt site together with the Swiss National Accident Insurance Fund (SUVA) under the tag line "Occupational safety starts at the top". Accidents can only be avoided reliably if the preventive measures are enforced. This is a matter for line managers, whose attendance at the workshop was high. As further measures to prevent accidents inside and outside the company, information and health tips are regularly posted on the social intranet, on subjects like sports, tripping, falls and – as the number setting for accidents – doing housework.

The achievement of and improvement in occupational health and safety objectives is ensured by continuous process monitoring and review of the effectiveness of these processes. Policies and guidelines are reviewed at regular intervals to ensure that the management system is up to date and effective. If necessary, they are amended. Such reviews are also, and especially, triggered by changes in customer requirements.

The responsibilities for health and safety are mapped in the Comet Group management system. Essentially, the country general manager ensures and is accountable for compliance with the local health and safety standards and procedures. Their implementation is the responsibility of the division country general managers.

Reflecting the deeply entrenched awareness of occupational health and safety in our Group, we had no fatalities in our factories in the reporting year.

Occupational health and safety management in practice
Identifying work-related hazards and assessing related risks is of the utmost importance in reducing the number of accidents. In Switzerland, for example, a risk assessment is carried out by occupational physicians and other occupational safety specialists ("ASA specialists"). The risks are then classified according to the risk portfolio. To ensure the quality of these processes, a systematic revision of the portfolio is performed, and new jobs are integrated. The results then feed into the EKAS ten-point system for occupational health and safety management.

Should a work-related hazard or a hazardous situation still arise, employees and workers can report it by means of the two-part "Safer card". The first part is filled out by the employee or worker with his or her assessment, so that the hazard is immediately signposted. The second part is used by the manager to record a hazard report. The hazard must be eliminated within 24 hours. In addition, an employee may refuse to work if the situation is too dangerous for him or her, as Comet is committed to the safety charter of Suva, the Swiss Accident Insurance Agency ("Schweizerische Unfallversicherungsanstalt").

If a work-related incident occurs, an investigation is carried out. When appropriate, a root cause analysis is performed with the involvement of external specialists.

Comet has issued and integrated into its management system a comprehensive portfolio of policies and guidelines for all types of hazards. Notable examples are the Comet AG Safety Regulations, the policy for external companies/contractors, and the policy for dealing with non-ionizing radiation (NIR) and noise sources. Employees and workers are involved in the development, implementation and evaluation of the occupational health and safety management system through the application of element 8 of the ten-point EKAS, which deals with the inclusion of employees. The employees are included in the planning of measures, which is especially important when purchasing personal protective equipment. Upon joining the company, continual in-depth safety training is provided depending on the employee's role. In addition, occupational health and safety is regularly addressed in training and development.

Occupational health and safety metrics	2023	2022	±
Injuries[1]	24	16	50%
Lost workdays due to work-related injuries	9	370	– 98%
Lost workdays due to illness	12,703	13,755	– 8%

[1] Injury arising out of, or in the course of work. Definition of injury according to local labour law (if applicable), otherwise according to internal organizational provision: recordable injuries only.

The number of work-related injuries increased in the reporting year, but the number of working days lost as a result was lower. The number of working days lost due to sickness-related absences also fell.

Responsible Supplier Standards

We are committed to offering our customers the highest-quality supply chain that meets all established product performance standards and expectations. It is therefore important for Comet's commercial success to find and maintain the right suppliers. Our purchasing department maintains these high standards by continuously evaluating new suppliers, and also by regularly assessing the performance of our established suppliers. This process is all the more important as the careful selection and maintenance of relationships with suppliers who adhere to ethical and sustainable practices contribute significantly to Comet's business success. In this way, we reduce what we consider to be the limited risks – as described in detail in the statements on conflict minerals and child labor – associated with the selection of irresponsible suppliers, which are far-reaching and range from direct financial losses to legal difficulties and long-term reputational damage. This protects our own future viability and competitive strength and also makes a positive contribution to the development of the economy and society.

Comet's Supplier Code of Conduct (Supplier CoC), which has been in force since January 1, 2021, is based on the Responsible Business Alliance (RBA) Code of Conduct and sets out the basic requirements for Comet's suppliers and external service providers regarding their responsibility to their stakeholders and the environment. The Supplier CoC covers the following topics:

- Compliance with the law
- Prohibition of corruption and bribery
- Fair competition, antitrust laws and intellectual property rights
- Conflicts of interest
- Respect for the fundamental human rights of workers
- Prohibition of child labor
- Health and safety of employees
- Environmental protection
- Supply chain
- Materials compliance

By signing the Supplier CoC, our suppliers agree to abide by the principles and requirements of this Code in addition to their obligations under other contracts with us. We reserve the right to amend the requirements of the Supplier CoC to reflect changes in our compliance policies.

Report on child labor

In accordance with the "Ordinance on Due Diligence and Transparency with regard to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO) of 3 December 2021 (status as of 1 January 2024)"

Due to its product and service portfolio, Comet assesses its risks with regard to violations of human rights, including child labor or respect for the basic human rights of employees, as low.

In its risk analysis, Comet bases its assessment of regional risks on the UNICEF Children's Rights and Business Atlas (as at June 2023), which assesses the risk of child labor for 195 countries and classifies them as "Basic", "Enhanced" and "Heightened". Comet also uses the United Nations Global Compact Business & Human Rights Navigator to assess the risk of child labor at a sector-specific level. These regulations show that Comet has exposure to China, Malaysia and the USA, which are rated as "Enhanced", as well as to the mining and electronics manufacturing sectors.

Through a survey directed to the country general managers, the Global Strategic Supply Chain Director and the supply chain directors of the divisions, Comet assessed whether there was a reasonable suspicion of child labor in the respective countries and the supply chains of the Comet Group and of the divisions in the reporting year. The internal survey conducted in 2023 – addressed to our country general managers and the Global Supply Chain Director of the Group and the divisions – did not reveal any reasonable suspicion of child labor as defined in ILO Convention No. 138 of June 26, 1973 or DDTrO, article 2, para. 1, lit. f.

As there are no reasonable grounds to suspect child labor based on the surveys, Comet is exempt from the due diligence and reporting obligations regarding child labor.

To minimize the risk of violations of the Supplier CoC, we strive for long-term partnerships with reliable suppliers. However, if a supplier has knowledge of abusive behavior by the supplier or one of our employees, or if the supplier suspects such behavior, the supplier must inform us immediately. In addition, suppliers agree that the Comet Group, including our subsidiaries or designated agents (which includes third parties), may verify compliance with the Supplier CoC, including through audits, on-site inspections of facilities or the review of books and records. In case of a nonconformance, we follow the procedure set out in the ISO 9001 standard. When appropriate, we work together with our suppliers to identify measures to resolve issues. However, we reserve the right to terminate the business relationship with suppliers (subject to applicable laws) if they fail to comply with the Supplier CoC. We also reserve the right to take legal action against them.

Other important elements of the Supplier CoC are social and environmental aspects. By signing the Code, suppliers promise, for example, to:

- Promote equal opportunity and equal rights for employees regardless of color, ethnicity, national origin, social background, disabilities, sexual orientation, political or religious beliefs, gender or age
- Not tolerate any unacceptable treatment of workers, such as psychological violence, sexual harassment or discrimination, and
- Act in accordance with applicable legal requirements and international standards regarding environmental protection.

The fact that our initiatives, from sustainable procurement practices to the promotion of a diverse and inclusive workplace, do not go unnoticed by the outside world is reflected in our winning an ESG award from one of our largest customers. It recognized Comet for our consistent focus on our corporate values and our commitment to environmental, social and governance principles.

Diversity, Equity and Inclusion

Respect for diversity, equity and inclusion (DEI) is not only a matter of social responsibility, but also a key factor in Comet's business success and competitiveness. DEI initiatives help to create a positive and productive working environment that values and supports all employees, regardless of their individual identity. This leads to higher employee satisfaction, greater loyalty and ultimately to increased innovative strength and performance.

A failure to honor DEI can have a direct impact on employee satisfaction and talent retention. Furthermore, an inadequate DEI policy can damage Comet's reputation or even have legal and financial consequences for the company.

Our Code of Conduct as well as our equal opportunity employer policy state that no employee may be discriminated against by the company or by other employees. We are strongly committed to providing equal opportunity in every aspect of employment. Discrimination against employees by the company or by other employees on the basis of their nationality, ethnic origin, religion, gender, age, sexual orientation or any other protected characteristic is strictly prohibited. No incidents of discrimination occurred in the year under review.

When recruiting, we base our selection on objective criteria such as skills, qualifications, experience and other factors relevant to the position. We strive to maintain a recruitment process that is open, honest and fair and to build a team that represents a variety of backgrounds, perspectives and expertise.

We are convinced that focusing on DEI brings benefits for business growth (sales and profit), innovation, time to market, employee and customer satisfaction, and attracting and retaining top talent.

Comet received the "Fair-ON-Pay +" certification for gender pay equity for the Flamatt, Switzerland, site in 2021. The certification is valid for four years. Two years after passing the initial analysis, a maintenance analysis must be performed to confirm that the standard criteria are still met. Comet successfully passed the corresponding audit in 2023. We are on the right track and are committed to doing more regarding diversity, equity and inclusion in order to realize our full potential as the Comet Group.

Disclosures in accordance with GRI 405-1

Diversity in management (gender)	Male 2023[1]	Male 2022	Female 2023[1]	Female 2022
Headcount	163	177	35	36
Percentage	82.3%	83.1%	17.7%	16.9%

Diversity of governance bodies (gender) [%]	Male 2023[1]	Male 2022	Female 2023[1]	Female 2022
Board of Directors[2]	57	67	43	33
Executive Committee[3]	86	83	14	17

Diversity of governance bodies (age) [%]	<30 2023[1]	<30 2022	30–50 2023[1]	30–50 2022	>50 2023[1]	>50 2022
Board of Directors[2]	0	0	14	17	86	83
Executive Committee[3]	0	0	57	33	43	67

1) Figures 2023 were externally audited by Ernst & Young AG to obtain limited assurance regarding the compliance of the reported information with the GRI Standards
2) For the definition of "Board of Directors", see the section "Basis of calculations and definitions"
3) For the definition of "Executive Committee", see the section "Basis of calculations and definitions"

Community Engagement

Our stakeholders expect Comet to go beyond its economic interests and make a positive contribution to society. Social engagement, whether through social projects, environmental protection initiatives or local partnerships, has become an important measure of Comet's responsibility and integrity. The double materiality analysis showed that the topic of social commitment is considered important but not central by management and stakeholders. Nevertheless, we are exposed to certain risks if we fail to engage in social matters. Social engagement is an important factor for Comet's long-term success, its legitimacy and thus for maintaining our social license to operate.

Our approach to direct engagement in society is twofold:

- At Group level, as a learning organization and a company with a long tradition of personnel training and development, we pave the way to success for dozens of trainees, interns and young skilled workers. In addition, we support institutions that have committed themselves locally or globally to a similar task in the area of technology and education. In the reporting year, we continued our financial sponsorship of the Technorama science center in Winterthur, Switzerland, and invited young people to experiment and get to know the world of science on Future Day at Comet in Flamatt, or in tinkering sessions in our company.
- At a local level, our regional teams and locations engage opportunistically in social causes. The impetus for this often comes from committed employees, who are encouraged and supported in their activities by the local management. Examples include active participation in the Applied Materials Silicon Valley Trot and the Lam Research Heart & Soles Run 2023, the proceeds from which go to several charitable organizations or educational institutions in the USA. Events for youths were also organized at the locations in Tokyo and Hamburg, where young people were introduced to our innovative technologies in a playful way.

We believe that technology can improve education. But conversely, we also believe that fair access to education improves the technology that ensures sustainable progress, safety and quality of life for us all. That is why we want to awaken enthusiasm for technology among the next generation. This is part of the basis of our commitment to socially and environmentally responsible action.

Governance

Ethics and Compliance

Ethics and compliance are critical pillars of Comet's success and integrity. While ethical standards define the moral behavior of a company, compliance refers to adherence to legal regulations. Meeting ethical and compliance standards is not only a necessity, but also a key element in maintaining the trust and loyalty of all stakeholders. Failure to comply with these standards can have serious legal and financial consequences, such as the loss of business opportunities or lengthy and expensive legal disputes, but also long-term reputational damage and therefore a loss of trust among customers, investors and other stakeholders.

Ethical behavior and compliance with laws and internal policies and specifications are non-negotiable. Our Code of Conduct therefore obliges all employees to comply with all laws and ethical standards. By using a reporting system called "Integrity Line", our employees can quickly and easily report concerns about actual or suspected misconduct that can affect our company or the wellbeing of people.

As part of the risk management process, for which the Board of Directors is responsible, the Group's risks are assessed twice a year by the Audit Committee. The most important points are reported to the Board of Directors and discussed as part of the general business risks. Material risks are systematically identified and recorded in a risk matrix.

At Group level, policies, processes, training, monitoring and continuous improvement measures are in place to ensure the highest level of ethics and compliance awareness among the workforce. Comet currently focuses on the following areas: (i) data protection, (ii) Code of Conduct, (iii) anti-corruption and (iv) anti-trust.

Accountability for the implementation of these topics lies with the respective country general manager, while responsibility for it with the divisions. Compliance officers report to the country general manager and support the divisions and sites in implementing the compliance requirements. Where necessary, adjustments are made in accordance with legal requirements. The responsibility for issuing rules and policies for other compliance topics, such as health protection and occupational safety, lies with the respective country general manager, and these are implemented by the Country General Manager of the division to which the site is assigned.

In the year under review, we were not involved in legal proceedings, nor were issued significant fines, resulting from non-compliance with any laws or regulations.

Trade Compliance

Trade compliance is crucial in international business. It refers to compliance with all relevant laws and regulations governing trade between different countries. This includes customs regulations, export controls, sanctions and anti-corruption laws.

When selling our products worldwide, we comply with a wide range of laws and regulations. Under no circumstances may exports, brokering, transit or transfer by persons acting on behalf of our company violate these laws and regulations. It is of utmost importance that Comet and its products comply with all standards and requirements related to business, ethics, quality, and supplier and consumer protection. Failure to comply with these rules and regulations may result in delays in shipments to our customers, severe financial losses through fines, and other penalties imposed by international regulatory authorities. Non-compliance with trade regulations can also be perceived as a lack of integrity or as irresponsibility and affect the trust of customers, investors and business partners.

To ensure compliance, Comet has set up and implemented a Trade Compliance Policy which is integrated in the company's management system, lists the essential requirements and defines the roles and responsibilities within the global organization. In addition, it serves not only to promote and protect personal and corporate interests, but also to ensure compliance in the various supply chains. Under our management system, the country general manager is responsible for ensuring that trade in his or her country or region is conducted in accordance with Comet's Trade Compliance Policy and applicable regulations. The organizational design and implementation are the responsibility of the country general manager. To meet the specific trade compliance requirements, a trade compliance officer is appointed for each country. This officer is responsible for trade compliance and is supported by trade specialists. The trade specialists and the trade compliance officer have the authority to stop transactions. We reinforce trade compliance through annual training courses for the appropriate employees.

Trade compliance is crucial for the long-term success and sustainability of a company. It not only protects against legal and financial risks, but also strengthens trust and credibility among stakeholders. In an increasingly complex and regulated global economy, it is important that companies take proactive measures to ensure their business practices comply with trade regulations. By complying with these regulations, companies can minimize risks, protect their reputation and place their business activities on a solid and sustainable footing.

In 2023, we were not defendants in any legal proceedings nor were issued any significant fines for non-compliance with trade-related laws and regulations.

Economic

Customer Loyalty and Satisfaction

The needs of our customers determine our actions. As a market leader in radio frequency power and x-ray technology, we serve a wide range of customers, from global market leaders to SMEs. Regardless of our customers' size and business sector, we follow four basic principles in serving each one: We ask what problem really needs to be solved and why; we inspire through our expertise; we provide or co-create solutions with a clear benefit; and we deliver what we promise, while saying early on when we cannot meet a need.

In order for us to deliver on these principles successfully, customer proximity and customer loyalty are crucial. In addition to best-in-class products, a strong R&D organization, local presence with skilled sales and service teams in our key markets in Europe, North America and increasingly in Asia, another pillar supporting sustainable business relationships with our customers is our effective and efficient after-sales support.

Comet invests in the satisfaction and loyalty of its customers on a daily basis, as these factors are crucial to its long-term success. The risks that arise from a lack of customer satisfaction and loyalty are manifold and can have a profound impact on Comet. They range from direct financial losses to damage to the brand image and internal challenges. These risks make it all the more necessary for us to invest in customer satisfaction and loyalty. We take every opportunity to stay in close contact with our customer base, in order to share ideas with customers and to understand and anticipate technological developments. This exchange takes place at various levels: in direct interactions between the account manager and the customer, in joint teams that solve specific problems, at trade shows where we can present innovations from our portfolio, or at trade conferences.

In the year under review, for example, Comet took part in the regional trade shows of the semiconductor industry association SEMI in the USA, Europe, China, Taiwan and South Korea to promote its latest innovations, above all the Synertia® radio frequency power platform. At Productronica, the world's leading trade show for electronics manufacturing, the IXS division presented its revolutionary CA20 x-ray system for 3D x-ray inspection in advanced packaging, tailored to the needs of the semiconductor industry.

Product & Technology Leadership

For some of the most innovative customers, we manufacture products at the frontier of what is technologically feasible. With our leading-edge technologies, we seek to be the preferred partner for the most innovative companies in our markets. And we work hard to defend and expand our technology and product leadership in order to remain among the leaders in our markets in the long term. Should we not succeed in this, we would be faced with various risks that could detract from our market position, our ability to innovate and our long-term viability.

Product leadership is not defined by technology alone. Rather, achieving it is the result of implementing key strategic decisions such as gaining market leadership for selected products or focusing on standardized products (modular standardization). These strategic issues are regularly coordinated with the Technology Committee of the Board of Directors.

To maintain product and technology leadership in our markets, we invest between 11% and 13% of our sales in R&D every year. Using funds effectively and efficiently, we employ 301 people in R&D, or about 21% of our total workforce, with proven R&D specialists working at all organizational levels and in all functions.

We measure our targets in terms of market share, on which we collect and analyze data regularly based on internal and external sources. We use other key performance indicators to measure how successfully we sell newly launched products. With the exception of external market share data, these KPIs are presented to and discussed with the Executive Committee at the quarterly business review meetings.

The esteem in which Comet is held as one of the long-standing and leading technology partners in plasma control is underlined by the receipt of two awards from major customers in Europe and Asia.

Product Impact

Our products can impact society and the environment in many ways. For society, our technologies play an essential role in the manufacturing of semiconductor chips and sensors that are the central building blocks of the digital world. And environmentally, the impact begins with the sourcing of raw materials and continues through the product use stage to the end of the product’s life cycle.

For Comet, assessing environmental impact is becoming more and more important. This is partly because customers are increasingly looking for products that have as little impact on the environment as possible, and partly because, going forward, we will give even greater weight to this aspect in the selection of our suppliers in order to improve our own environmental footprint.

If we underestimate the impact of our products, we expose ourselves to risks that can have serious consequences. If products cause damage or do not comply with legal safety standards, Comet could face product liability claims. Such legal disputes are not only costly, but also tie up valuable resources and time. In addition, fines, claims for damages and product recalls can lead to considerable financial burdens. Comprehensive assessment and continuous monitoring of product impact are therefore essential in order to minimize risks, safeguard customers’ trust and protect the integrity of the company in the long term.

In the fiscal year under review, Comet intensified its efforts in the eco-design initiative. The aim was to develop a deeper understanding of how to carry out eco-design analyses. To this end, cross-divisional workshops were held with employees from all three divisions and the central functions. As a next step, pilot projects are planned to check adherence to eco-design standards in existing products. The results of these projects should help to reduce the environmental footprint of our products. They also aim to assess and improve the contribution of our products to achieving the goals of the Science Based Targets initiative (SBTi) with regard to climate change.

Product Quality & Compliance

The quality of our products and their conformity with all product-related regulations and directives are a fundamental element of our corporate culture and the basis for our business success. Our quality principles are an important argument for our customers. We are committed to providing our customers with high-quality products and services. Our products are competitive, defect-free, safe and environmentally sound in their application and thus make a decisive contribution to the success of our customers. Therefore, we strive to avoid any risk that could compromise quality.

The risks associated with poor quality or violations of legal regulations can lead to investigations by supervisory authorities, penalties and even criminal prosecution. In addition, customers or other affected parties may file claims for damages, leading to further financial burdens and a tarnished public image.

In addition to ensuring the quality of our products on the market, we are committed to continuous improvement, which begins as early as the planning stage for new products, activities and processes. Our management sets division- and location-specific quality targets, provides the corresponding resources and structures and regularly reviews target achievement. Internal audits, customer and certification audits, benchmarks and best-practice applications all contribute to the continuous further improvement of the quality management system.

The process responsibilities are mapped in the Comet Group's management system. Product quality and conformity are essentially defined by the divisions, with responsibility assumed by the division country general manager and accountability resting with the respective country general manager.

Operational Excellence

The Comet Group wants to become more efficient, more flexible, and faster. Our goal is to develop into a highly profitable company with clear market leadership in each of the markets we serve. A key lever in achieving this is the pooling of resources and strengthening of the organization. Focused on global collaboration, we will continue to improve business and operational excellence.

Operational excellence is a process set out in the management system and which provides the framework for making Comet a sustainable, high-performing organization. Operational excellence is essential for Comet to remain efficient, competitive and profitable. A lack of this quality can have far-reaching negative effects on our entire business activities.

The Group function of Quality & Excellence is responsible for the management system, including the process framework and architecture. Within this framework, the following tasks, among others, fall into this area of responsibility:

- Define, implement and improve Group-wide processes in close cooperation with the divisions
- Set minimum standards for non-financial KPIs for the Group and the divisions
- Monitor the state of the overall management system and prioritize improvements

- Ensure certification and compliance with ISO standards throughout the Group
- Lead the Quality & Excellence Board to drive and support collaboration and execution between divisions and corporate functions

Target achievement is monitored on the basis of defined KPIs such as the number of successfully implemented improvement projects, automated availability of the selected KPIs (for instance, cost of goods sold per unit produced, operations staff costs in percentage of net sales, and on-time delivery performance in filling customer orders), and the certification of all Comet sites to ISO 9001.

The Quality & Excellence Board (Q&E Board) acts as a committee for the person in charge of the Quality & Excellence group function. The Q&E Board supports the VP of Global Operational Excellence in implementing projects and initiatives in the divisions and corporate functions.

In the Global Operational Excellence (GOE) Group function, we combine the logistics, trade compliance, real estate, environment, health and safety and facility management functions. Through this center of expertise for all matters relating to operational excellence, we leverage our power as one company by optimally aligning our business activities worldwide and learning from each other.

GRI Content Index

GRI | CONTENT INDEX ESSENTIALS SERVICE 2024

Comet Holding AG has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023. For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The service was performed on the English version of the report.

GRI 1 used: GRI 1: Foundation 2021

Applicable GRI Sector Standard: none

General Disclosures

GRI Standard	Disclosure	Location / information	Omission (Requirements omitted (RO), Reason (R), Explanation (E))
The organization and its reporting practices			
GRI 2: General Disclosures 2021	2 – 1 Organizational details	Comet Holding AG	
		Corporate Governance Report, Group structure and shareholders	
		Comet Holding AG, Herrengasse 10, 3175 Wünnewil-Flamatt, Switzerland	
		Annual Report, Review of 2023	
	2 – 2 Entities included in the organization’s sustainability reporting	Consolidated financial statements, 02.4 Consolidation	
		All entities in the financial reporting are also included in sustainability reporting	
	2 – 3 Reporting period, frequency and contact point	Annually, fiscal year from Jan 1, 2023, to Dec 31, 2023	
		Corporate Governance, Contacts	
	2 – 4 Restatements of information	Restatement related to energy consumption	
	2 – 5 External assurance	Limited assurance on selected KPIs	
Activities and workers			
GRI 2: General Disclosures 2021	2 – 6 Activities, value chain and other business relationships	Strategy, The Comet Group	
		Notes to the consolidated financial statements, 01 Nature of the business activities	
		Consolidated financial statements, 02.4 Consolidation	
		Report in Accordance with GRI Standards, Responsible Supplier Standards	
	2 – 7 Employees	Consolidated financial statements, 04.1 Operating segments	
		Report in Accordance with GRI Standards, Employer Attractiveness	
		Separate Financial Statements of Comet Holding AG, Number of full-time equivalents	
	2 – 8 Workers who are not employees	Report in Accordance with GRI Standards, Employer Attractiveness	
Governance			
GRI 2: General Disclosures 2021	2 – 9 Governance structure and composition	Corporate Governance, Board Committees	
		Corporate Governance, Board of Directors	
		Sustainability Report, Sustainability governance and organization	
	2 – 10 Nomination and selection of the highest governance body	Corporate Governance, Board election and terms, internal organization	
	2 – 11 Chair of the highest governance body	The Chair of the Board of Directors is not a senior executive in the organization	
	2 – 12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance, Board of Directors	

		Sustainability Report, Sustainability governance and organization
	2 – 13 Delegation of responsibility for managing impacts	Sustainability Report, Sustainability governance and organization
	2 – 14 Role of the highest governance body in sustainability reporting	Sustainability Report, Sustainability governance and organization
	2 – 15 Conflicts of interest	Board of Directors: Corporate Governance, Disclosure of potential conflicts of interest
		Executive Committee: Corporate Governance, Disclosure of potential conflicts of interest
	2 – 16 Communication of critical concerns	Through AGM or other functions (e.g., IR) via CEO. Regular conversations between CEO, CFO and multiple stakeholders.
	2 – 17 Collective knowledge of the highest governance body	The majority of the members of the Board of Directors are members of the board or management of other listed companies that are advanced in sustainability. Quarterly report on sustainability developments to the Board.
		Corporate Governance, Board of Directors
	2 – 18 Evaluation of the performance of the highest governance body	Board of Directors conducted a self-assessment with an external Board Advisor in 2023
	2 – 19 Remuneration policies	Compensation report, 03 Determination of compensation and compensation principles
		Corporate Governance, Nomination & Compensation Committee
	2 – 20 Process to determine remuneration	Compensation report, 03.1 Determination of compensation
	2 – 21 Annual total compensation ratio	Comparable ratio of 20; total compensation was down in 2023 vs. 2022 (lower variable compensation)
Strategy, policies and practices		
GRI 2: General Disclosures 2021	2 – 22 Statement on sustainable development strategy	Sustainability Report, Statement of the CEO
	2 – 23 Policy commitments	Report in Accordance with GRI Standards, Supplier Code of Conduct
		Report in Accordance with GRI Standards, Trade Compliance
		Report in Accordance with GRI Standards, Ethics and Compliance
	2 – 24 Embedding policy commitments	Report in Accordance with GRI Standards, Supplier Code of Conduct
		Report in Accordance with GRI Standards, Trade Compliance
		Report in Accordance with GRI Standards, Ethics and Compliance
		Sustainability Report, Report on child labor
	2 – 25 Processes to remediate negative impacts	Report in Accordance with GRI Standards, Supplier Code of Conduct
		Report in Accordance with GRI Standards, Trade Compliance
		Report in Accordance with GRI Standards, Ethics and Compliance
	2 – 26 Mechanisms for seeking advice and raising concerns	Corporate Governance, Integrity line
	2 – 27 Compliance with laws and regulations	Report in Accordance with GRI Standards, Ethics and Compliance

		Report in Accordance with GRI Standards, Environmental Management System and Compliance
		Report in Accordance with GRI Standards, Trade Compliance
		Report in Accordance with GRI Standards, Employee Health & Safety
	2 – 28 Membership associations	SEMI (global industry association that encompasses the entire electronics manufacturing and supply chain), EUROBAT, JIMA (Japan Inspection Instruments Manufacturers' Association, Swiss Malaysian Chamber of Commerce
Stakeholder engagement		
GRI 2: General Disclosures 2021	2 – 29 Approach to stakeholder engagement	Sustainability Report, Material Topics
	2 – 30 Collective bargaining agreements	Less than 5% of employees are covered by bargaining agreements. For employees not covered by collective bargaining agreements, we regularly benchmark the working conditions and terms of employment against organizations with collective bargaining agreements. Overall, our working conditions and terms of employment are superior compared to organizations with collective bargaining agreements.
		Report according to GRI Standards, Employer Attractiveness

Material Topics

GRI 3: Material Topics 2021	3 – 1 Process to determine material topics	Sustainability Report, Material topics
	3 – 2 List of material topics	Sustainability Report, Material topics
Environmental		
Materials Compliance		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Materials compliance
Environmental Management System and Compliance		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Environmental Management System and Compliance
Energy Management and Carbon Emissions		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Energy Management and Carbon Emissions
GRI 302: Energy 2016	302 – 1 Energy consumption within the organization	Report in Accordance with GRI Standards, Energy Management and Carbon Emissions
	302 – 4 Reduction of energy consumption	Report in Accordance with GRI Standards, Energy Management and Carbon Emissions
		Sustainability Report, Climate action roadmap
	302 – 5 Reduction in energy requirements of products and services	Sustainability Report, Climate action roadmap
GRI 305: Emissions 2016	305 – 1 Direct (Scope 1) GHG emissions	Report in Accordance with GRI Standards, Energy Management and Carbon Emissions (table)
	305 – 2 Energy indirect (Scope 2) GHG emissions	Report in Accordance with GRI Standards, Energy Management and Carbon Emissions (table)
	305 – 5 Reduction of GHG emissions	Sustainability Report, Climate action roadmap
Social		
Employer Attractiveness		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Employer Attractiveness

GRI 401: Employment 2016	401 – 1 New employee hires and employee turnover	Report in Accordance with GRI Standards, Employer Attractiveness
GRI 404: Training and Education 2016	404 – 2 Programs for upgrading employee skills and transition assistance programs	Report in Accordance with GRI Standards, Employer Attractiveness
Employee Health and Safety		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Employee Health and Safety
GRI 403: Occupational Health and Safety 2018	403 – 1 Occupational health and safety management system	Report in Accordance with GRI Standards, Employee Health and Safety
	403 – 2 Hazard identification, risk assessment, and incident investigation	Report in Accordance with GRI Standards, Employee Health and Safety
	403 – 3 Occupational health services	Report in Accordance with GRI Standards, Employee Health and Safety
	403 – 4 Worker participation, consultation, and communication on occupational health and safety	Report in Accordance with GRI Standards, Employee Health and Safety
	403 – 5 Worker training on occupational health and safety	Report in Accordance with GRI Standards, Employee Health and Safety
	403 – 6 Promotion of worker health	Report in Accordance with GRI Standards, Employee Health and Safety
	403 – 7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Report in Accordance with GRI Standards, Employee Health and Safety
	403 – 8 Workers covered by an occupational health and safety management system	Report in Accordance with GRI Standards, Employee Health and Safety
	403 – 9 Work-related injuries	Report in Accordance with GRI Standards, Employee Health and Safety (table)
Responsible Supplier Standards		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Responsible Supplier Standards
GRI 308: Supplier Environmental Assessment 2016	308 – 1 New Supplier Screening Using Environmental Criteria	Report in Accordance with GRI Standards, Responsible Supplier Standards
GRI 408: Child Labor 2016	408 – 1 Operations and suppliers at significant risk for incidents of child labor	Sustainability Report, Report on child labor
GRI 409: Forced or Compulsory Labor 2016	409 – 1 Operations and suppliers at significant risk of incidents of forced or compulsory labor	Sustainability Report, Report on child labor
GRI 414: Supplier Social Assessment 2016	414 – 1 New suppliers that were screened using social criteria	Report in Accordance with GRI Standards, Responsible Supplier Standards
Diversity, Equity and Inclusion		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Diversity, Equity and Inclusion

GRI 405: Diversity and Equal Opportunity 2016	405 – 1 Diversity of governance bodies and employees	Report in Accordance with GRI Standards, Diversity, Equity and Inclusion
Community Engagement		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Community Engagement
GRI 413: Local Communities 2016	413 – 1 Local Community Engagement, Impact Assessments, and Development Programs	Report in Accordance with GRI Standards, Community Engagement
Governance		
Ethics and Compliance		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Ethics and Compliance
GRI 205: Anti-Corruption 2016	205 – 3 Confirmed incidents of corruption and actions taken	Report in Accordance with GRI Standards, Ethics and Compliance
GRI 206: Anti-competitive Behavior 2016	206 – 1 Legal actions for anti-competitive behavior	Report in Accordance with GRI Standards, Ethics and Compliance
Trade Compliance		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Trade Compliance
Economic		
Customer Loyalty and Satisfaction		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Customer Loyalty and Satisfaction
Product and Technology Leadership		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Product and Technology Leadership
Product Impact		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Product Impact
Product Quality and Compliance		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Product Quality and Compliance
Operational Excellence		
GRI 3: Material Topics 2021	3 – 3 Management of material topics	Report in Accordance with GRI Standards, Operational Excellence
GRI 201: Economic Performance 2016	201 – 1 Direct economic value generated and distributed	Annual Report, Performance
		Annual Report, Comet Group key consolidated financial results

Basis of calculations and definitions

Period and base year
The reporting period covers the period from January 1 to December 31, 2023.

Reporting boundary
The environmental key figures include all locations and companies in Comet's scope of consolidation as listed in the annual report. Compared to the 2022 reporting year, the companies in the scope of consolidation have remained unchanged.

Comet has made the following significant changes to its locations for the calculation of environmental indicators in the 2023 financial year:

- In San Jose, California (USA), the four existing locations were merged into one new location in San Jose in the 2023 financial year
- The location in Beijing (China) was largely integrated into the two locations in Shanghai (China) in the course of the 2023 financial year
- The Hudson, Ohio (USA) site was closed during the 2022 financial year and integrated into the Shelton, Connecticut (USA) site

Restatements
The figure for natural gas consumption in Malaysia was corrected from the figure published in the 2022 Annual Report (3,023 MWh) to 1,639 MWh. This resulted in a correction of Scope 1 emissions from 918 tonnes of CO_2 in the 2022 Annual Report to 598 tonnes and of emissions caused by natural gas from 652 tonnes of CO_2 to 369 tonnes. The reason for the restatement is an erroneous classification of the energy source for the HVAC system (heating, ventilation, cooling) at the Penang site in Malaysia. Further deviations in the reported figures in this year's report compared to last year's report are considered insignificant (<10%).

Data sources and data collection
With the exception of the Flamatt site in Switzerland, which is owned by Comet, all of the company's other sites are leased. As a result of these leases, not all the necessary data on energy consumption for the financial year is available in time for the end of the reporting period.

In order to nevertheless gain a comprehensive overview of energy consumption at these locations, the data collection for Scope 1 and Scope 2 emissions calculations is based on various sources: these include invoices received during the year, extrapolations based on the latest available data or estimates based on the previous year's figures.

Scope 1 and Scope 2 data is collected every six months through surveys at all locations. The first survey takes place between November of the reporting year and January of the following year and forms the basis for the annual report. This is based on current information, with extrapolations made by Group Controlling in cooperation with the locations or estimates based on employee numbers and the size of the rented operating space being used in the event of missing data. A second survey is carried out in the second quarter of the following year based on the figures actually reported for the reporting year in order to check the provisional figures and, if necessary, correct them retrospectively in the next annual report if there are significant deviations. These figures are used for the entries in the CDP Climate Change Questionnaire.

Internal costs, external invoices and information from service providers as well as data provided by the landlord are used to record water consumption, waste volumes and energy consumption for heating and vehicles. If such sources are not available, an estimate is made based on the number of employees.

Data control and data plausibility
Plausibility checks of the reported data are systematically ensured through year-on-year comparisons. For each data collection, as described in the "Data sources" section, those responsible for the locations check the data against the figures for the reporting year and the previous year. Any discrepancies identified are reported to Group Controlling. In the case of values outside a tolerance of (± 20%), a detailed review is carried out. Group Controlling then works with the respective site managers to check and correct such data points. If the deviation is outside the tolerance and is confirmed, a correction is made in the annual report for the following reporting year.

Methodology Data evaluation and emission calculations
The data points collected are read in and consolidated by Sustainserv GmbH using a semi-automated Excel program. In order to ensure a uniform analysis, the different measurement units of the individual questionnaires, such as currencies, weights and performance units, are converted into standardized measurement units using conversion tables. This process complies with the guidelines of "The GHG Protocol Corporate Accounting and Reporting Standard".

Scope 1
For the calculation of Scope 1 emissions, which relate to direct emissions from the company's own energy sources, the specific consumption data is summarized and calculated using the current conversion factors from the DEFRA 2023 database. These emission factors are adjusted annually to ensure accuracy and timeliness.

Scope 2 location-based
For the location-based Scope 2 emissions, which record the indirect emissions from the energy consumption of the locations, the calculation is carried out by multiplying the specific consumption data with the country-specific energy mixes, based on data from the IEA and eGRID 2023 databases.

Scope 2 market-based
For the market-based Scope 2 emissions, which calculate energy consumption based on the actual energy mixes and conversion factors of the energy suppliers, the emission factors, where available, are updated annually directly by the companies with the respective energy suppliers. Comet will make additional efforts in the coming years to obtain utility-specific emission factors and further develop Scope 2 reporting on this basis.

Once the data has been evaluated, the calculations are randomly checked before the corresponding tables and figures are published in the annual report.

External audit
The contents of the Sustainability Report 2023 marked in the respective places were subjected to an external audit by Ernst & Young AG to obtain limited assurance regarding the compliance of the reported information with the GRI Standards.

Definitions

Employees: Persons who are in a direct employment relationship with the company under national law or practice. Excludes persons who work on another basis, such as consultants, contractors, temporary workers, self-employed persons, etc.

Permanent employees: Employees with an open-ended contract that is not limited by time and/or performance of duties and whose expiry requires certain measures on the part of the employee/employer in accordance with national law or practice. Internal categories: 1A (CEO), 1B (member of the Executive Committee), 2A (General Manager), 2B (member of Division Management), 2C (Senior Vice President), 2D (member of Group Functions Management, 2E (Vice President), 2F (Senior Director), 3A (Director), 3B (Senior Specialist), 4A (Manager), 4B (Team Leader), 4C (Specialist), 4D (Junior Specialist), 6A (salaried employees), 6B (hourly-paid employees).

Temporary employees: Employees with a contract for a limited period of time (fixed-term contract) that ends at the end of the specified period or after completion of a specific task or event. Internal categories: 6A (apprentices), 6B (interns/trainees), as well as all other categories if only a fixed-term employment contract exists.

Full-time employees: employees whose working hours are defined per period in accordance with national laws or practices.

Board of Directors: Comprises all members of the Board of Directors of Comet Holding AG.

Executive Committee (EC): Comprises all members of the Executive Committee of the Comet Group in the internal categories 1A (CEO) and 1B (other members of the EC).

Regions: Europe - Denmark, Germany, Switzerland / Asia - China, Japan, Malaysia, South Korea, Taiwan / North America - Canada, USA

Fluctuation: Rate at which employees leave the organization.

Voluntary turnover: if the employee leaves the company of their own free will and this cannot be foreseen/prevented by the company.

Involuntary turnover: if the employer causes the employee to leave the company or the employee leaves the company for a reason independent of the employer (illness/death, etc.).

Calculation employee turnover:

- Total [in %]: (total number of involuntary leavers + total number of voluntary leavers)/staff x 100
- Voluntary [in %]: (total number of voluntary leavers/staff) x 100
- Involuntary [in %]: (total number of involuntary leavers/staff) x 100

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To the Board of Directors of

Comet Holding Ltd, Flamatt

Berne, 1 March 2024

Independent Assurance Report on selected KPIs in the Sustainability Report 2023

We have been engaged to perform a limited assurance engagement (the engagement) on selected metrics (the KPIs) disclosed in COMET Holding AG's (the Company's) Sustainability Report 2023 and the Report on non-financial matters 2023 (the report) for the reporting period from 1 January to 31 December 2023.

The metrics and information that we reviewed are indicated in the Sustainability Report on pages 148 – 199 and in the Report on non-financial matters 2023 on pages 203 - 236 through a corresponding footnote.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the report, and accordingly, we do not express a conclusion on this information.

Applicable criteria
The Company defined as applicable criteria (applicable criteria):

- Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

A summary of the standards is presented on the GRI homepage. We believe that these criteria are a suitable basis for our limited assurance engagement.

Responsibility of the Board of Directors
The Board of Directors is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.

Independence and quality control
We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the report are free from material misstatement, whether due to fraud or error.

Summary of work performed

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Although we considered the effectiveness of management's internal control when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal control. Our procedures did not include testing control or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria and their consistent application
- Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management
- Interviews with the Company's key personnel to understand the sustainability reporting system during the reporting period, including the process for collecting, collating and reporting the KPIs
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria
- Analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting calculations
- Testing, on a sample basis, underlying source information to check the accuracy of the data

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Building a better working world

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs for the reporting period from 1 January to 31 December 2023 have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd

Mathias Zeller (Qualified Signature)	Martin Mattes (Qualified Signature)
Executive in charge	Partner

Report on non-financial matters 2023

In accordance with the Swiss Code of Obligations, Article 964a-c

Introduction

Sustainability at Comet

Environmental

Social and employee matters

Governance

Basis of calculations and definitions

Independent Assurance Report

Introduction

Purpose and business model

How we generate value and contribute to a world that is good to live in

As a trailblazing, leading tech company in radio frequency power and x-ray technology, we make a growing contribution to a safer, more efficient and sustainable world of manufacturing, communication and mobility.

Our high-tech products and services create value for countless people. Part of this value comes from our setting goals that go beyond shareholder returns. In everything we do, we aim to balance economic, environmental and social aspects in order to thus support a sustainable future and profitable long-term growth.

As a close and trusted partner to our customers, we expect to:

- Develop innovative and sustainable products that support our customers in realizing their strategies
- Leave the smallest possible environmental footprint along the entire value chain
- Provide career opportunities for employees in all our businesses and at all our sites
- Build relationships with suppliers and business partners based on fairness and transparency
- Take a leading role in sustainable development in our industry

Our ESG program serves as a compass for managing our environmental footprint, taking responsibility for our employees and satisfying the highest standards of compliance and governance. Our focus is on the long term.

Our business model

We strongly believe that in a world of finite resources, innovation improves all our lives.

The resources we draw on

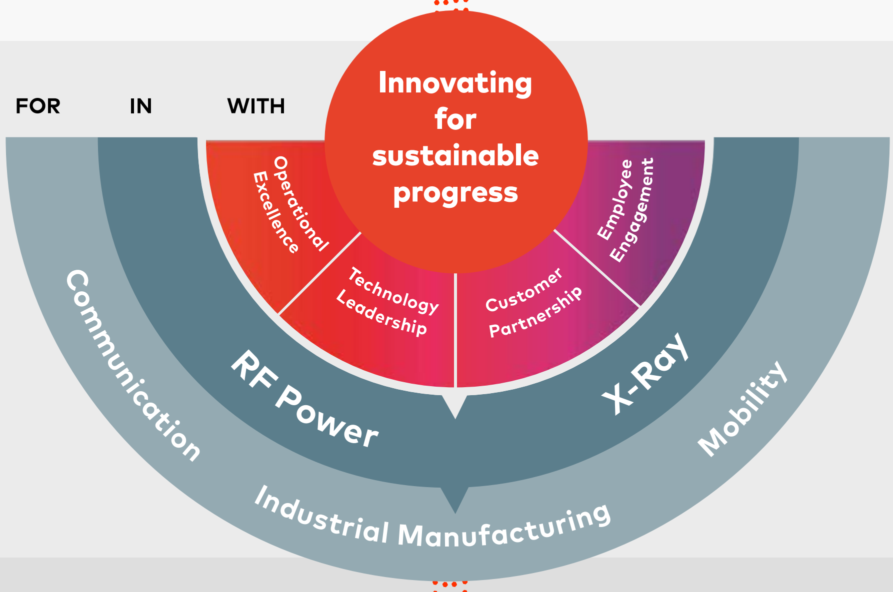
Environmental
- Implement roadmap for efficiency gains and renewable energy use
- Enforce sustainability through supplier selection

Social
- Build customer relationships and co-creation capabilities
- Invest in people, culture and values
- Engage in communities

Governance
- Monitor and train adherence to Code of Conduct and ethical principles
- Embed regulatory standards in day-to-day operations

Economic
- Maintain access to capital
- Achieve high brand recognition
- Make targeted investments

How we create value



The outcome we achieve

Environmental
- Optimized efficiency and reduced greenhouse gas emissions
- Resilient and sustainable supply chain

Social
- Increased customer loyalty and satisfaction
- Engaged, skilled and diversified workforce
- Strengthened license to operate

Governance
- High standards of behavior
- Full compliance with regulatory standards

Economic
- Sustainable financing of growth strategy
- Higher share of sales from semiconductor market
- Higher returns
- Capability to meet future customer needs

The impact of our actions

8 DECENT WORK AND ECONOMIC GROWTH

We provide stable and fair work for staff at all Comet locations worldwide.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Through innovation we contribute to a sustainable infrastructure.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We satisfy customer standards through binding supplier standards.

13 CLIMATE ACTION

We contribute to emission reduction and the efficient use of energy.

Along our value chain, we rely on numerous resources in order to manufacture our products and provide our services. This is always done with the aim of using these resources as efficiently as possible and of minimizing the risks associated with their procurement.

Environmental: As a manufacturing company, we depend on a reliable supply of energy and raw materials. Wherever possible, we procure electricity from renewable sources such as hydropower, solar or wind energy. When purchasing raw materials, we work with suppliers who can provide us with information about the origin of their products and who are interested in long-term business relationships. At our own production sites around the world, we are always working to keep our processes and facilities up to date in order to continuously improve production efficiency and thus reduce material and energy consumption. While we see only low environmental risks in our internal processes, we are exposed to developments in global energy and raw material markets and to disruptions in our supply chains.

Social: As a corporate citizen, we are aware of our responsibility in a world with ever more people and limited resources. Qualified and highly committed employees are central to our past and future success. We invest in a corporate culture that – in everything we do – is based on customer orientation, on empowering people and on trustful collaboration.

Governance: The individual behavior of each one of us – how we interact with colleagues, customers, suppliers, and all other stakeholders – determines our success as a company. The values and principles of our Code of Conduct form the foundation of our corporate culture and the basis for all our actions and decisions. We strive for best-in-class governance in order to safeguard our excellent reputation. This mitigates the risk of losing customers, suppliers or employees.

Economic: We invest a high proportion of our profit in targeted long-term and sustainable growth. Access to sufficient equity and debt capital is ensured by our company's balanced and conservative financial policy. Operating from this position of financial strength, we have consistently delivered value for our stakeholders over the past decades. Our success story is reflected in high awareness of the Comet brand among customers and competitors.

As a pioneering and leading tech company in radio frequency power and x-ray technology, we make a growing contribution to a safer, more efficient, and sustainable world of industrial production, communications, and mobility. We are the high-tech company of choice for all those who are actively shaping the future and an employer for all who want to get involved, make a difference, and explore new territory. We are committed to continuously developing our four core competencies of operational excellence, technology leadership, customer relationships and employee engagement. With our forward-looking technologies, we are a preferred partner to the most innovative companies in our markets. We stand for solutions and services deliver high value-added and sustainable progress. In pursuing our aims, we are guided by our long experience and keen spirit of discovery and innovation.

Led by experience. Driven by curiosity.

Environmental: The thoughtful use of energy and resources, the expansion of renewable energy use, and a constant increase in efficiency throughout the entire value chain – with a focus on suppliers and production – together lead to a reduction in the emissions we cause. The data systematically collected in relation to this formed the basis for our climate roadmap.

Social: Through our activities in the social realm, we create value for our employees, our customers and our communities worldwide. Our employees benefit from progressive working conditions, a high standard of occupational health and safety, and a culture based on trust. This creates the foundation for superior performance and thus a high level of customer satisfaction and loyalty that in many cases endures over years. Finally and importantly, we fulfill our social responsibility by supporting community projects and privately funded initiatives.

Governance: Strict adherence to and full compliance with laws, policies and regulatory standards at the local, national and international level is an important asset on which our reputation is based. The ethical conduct of all individuals and partner organizations with whom we work also contributes to this. All internal and external stakeholders can rely on us to treat them fairly and ethically at all times.

Economic: Thanks to our strong positioning, solid financial footing, secure access to capital and the successful implementation of our focus strategy, we are growing our business. Anticipating customer needs and investing in advance are key in helping customers succeed with our leading-edge technologies. Backed by the Group's sustainable financing, we will continue to fulfill these activities in the long term and thus add value for all stakeholders.

The Comet Group contributes to the achievement of the Sustainable Development Goals developed by the United Nations as part of the 2030 Agenda. With our long-term and sustainable focus strategy, we aim to provide measurable added value as well as a clearly identifiable contribution to the improvement of the environment, society and the economy. Our focus is on those objectives over which we have the greatest influence in our business:

Decent work and economic growth: Our technologies are at the heart of digitalization. As a company with a long teaching tradition, we support dozens of apprentices, trainees and young professionals and help pave their road to success. By doing this, we actively contribute to economic growth, as these young talents become crucial for developing our innovative products that play a vital role in the digitalization of society.

Industry, innovation and infrastructure: As a critical supplier and partner to the semiconductor/electronics industry as well as to the automotive, aerospace and security market, we are co-creating with our customers to develop the innovative solutions that provide sustainable progress and improve safety, security and quality of life for people everywhere.

Responsible consumption and production: We reject the ruthless pursuit of profit at the expense of the environment and society. We strive for a balance between economic, environmental, and social goals by training and sensitizing our employees worldwide regarding ecological and social aspects, by and also involving customers, suppliers and other interest groups.

Climate action: We are committed to actively addressing climate change and contributing to the climate goals of the 2030 Agenda for Sustainable Development. To this end, we have developed and are implementing a climate action roadmap.

Following the sale of the ebeam business in 2020, the Comet Group is concentrating on its traditional technology areas of plasma control and x-ray, as well as on expanding its service business, which is based on the growing use of artificial intelligence and machine learning in all areas of life. By focusing on these two technologies, we want to exploit the considerable potential of the digital world.

Comet is focused on four core markets with strong long-term growth. First and foremost, the semiconductor and electronics market offers enormous potential for all three divisions. In addition, the traditional automotive, aerospace and security industries offer attractive opportunities for us, particularly in innovative segments such as battery testing for electric vehicles. Comet's diversified market focus puts it in an ideal position to benefit from current and future trends in these key industries.

The semiconductor and electronics market is and will remain the central market for Comet - despite its cyclical nature. Forecasts predict high single-digit growth for the semiconductor market until 2030. Demand for sensors and microchips is also rising steadily in traditional industries. We therefore expect to generate over 80% of our sales with high-tech X-ray and plasma control solutions for the semiconductor & electronics market in the coming years.

As a globally active company with Swiss roots, Comet generates more than 99% of its sales in the key regions of Asia, North America and Europe. As an important supplier to the dynamic semiconductor industry, we ensure proximity to our customers with a sensible choice of location. The choice of location also has a significant influence on the selection of our suppliers and the design of efficient supply chains. In view of the trend towards regionalization in semiconductor manufacturing, we must be able to adapt our production network quickly and flexibly.

The semiconductor industry and its suppliers, including Comet, are facing various challenges in connection with climate change. The production of semiconductors consumes significant amounts of electricity, water and process gases, which results in a significant CO_2 footprint. In the automotive, aerospace and security industries, there is also a need to reduce climate-damaging emissions.

In the semiconductor industry, Comet's core market, producers rely on innovative manufacturing processes and the use of gases with a lower global warming potential in order to reduce their CO_2 footprint. Semiconductor manufacturers are pursuing ambitious environmental strategies, such as the use of 100% renewable energy in the short term, or the goal of reducing emissions to net zero by 2050.

To achieve their climate targets, semiconductor manufacturers are involving their suppliers in efforts to reduce their greenhouse gas footprint. We want to support them in achieving their targets in this regard. But that's not all: driven by the incentive to make a contribution to reducing greenhouse gas emissions, Comet has launched a comprehensive ESG program, which is being implemented step by step.

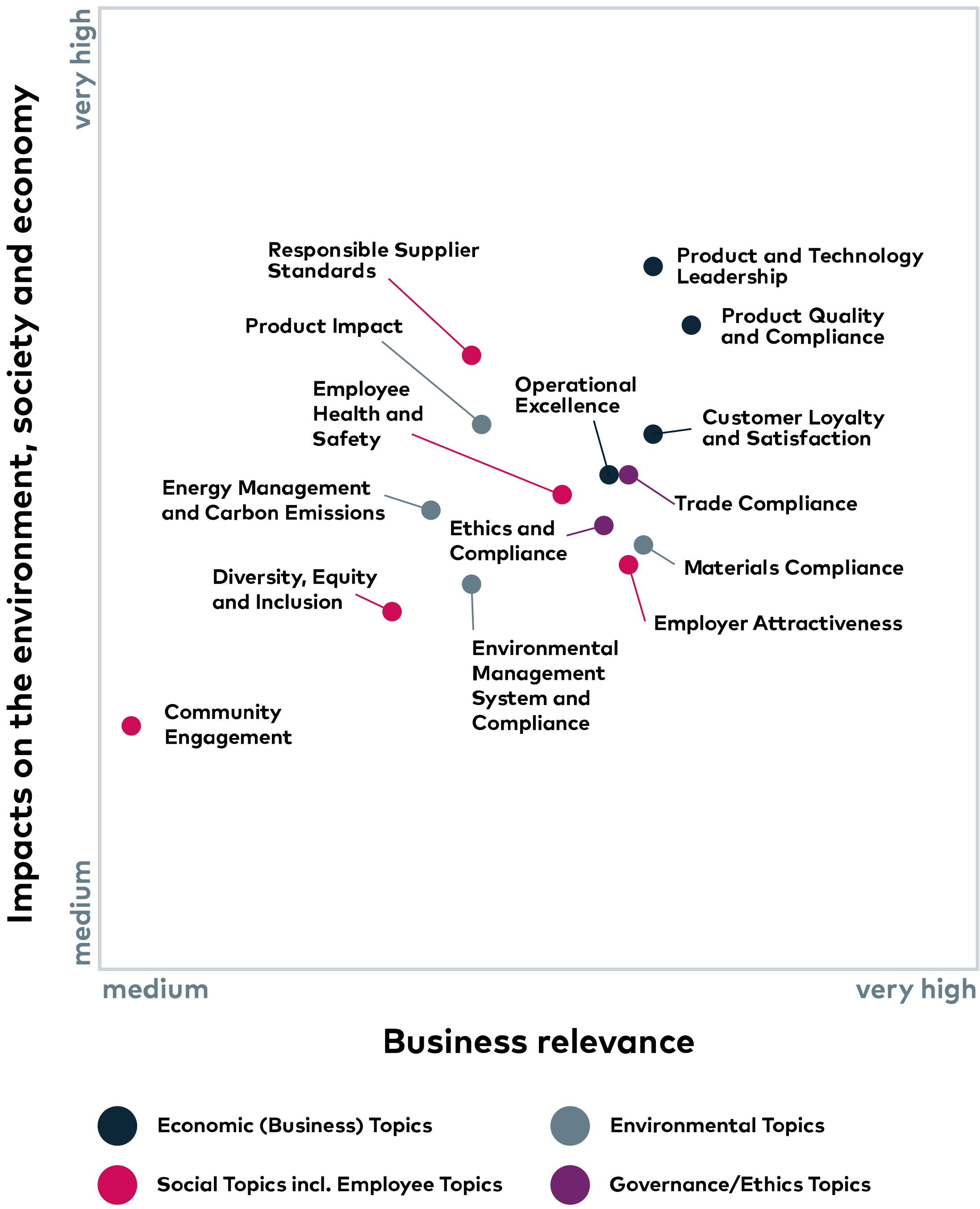
Material topics

The content of this report on non-financial matters addresses those topics that have the greatest medium- and long-term impact on the environment, society and the economy and the greatest relevance for business success in the sense of double materiality. The report is based on the Report in Accordance with the GRI Standards.

To ensure that the key topics are up to date, Comet regularly reviews which topics are central to the long-term, sustainable development of the company. The aim of updating the materiality analysis in the reporting year to incorporate double materiality was to review the relevance of the topics already identified in previous years and verify the strategic parameters for the prioritization of topics. The selection of topics itself is based on the central elements of the corporate strategy and of long-term planning on the one hand, and on inputs from management and stakeholders on the other.

As part of a context analysis, the existing material topics developed in 2021 were first examined as to whether they remained relevant in light of the present business model, and were found to remain appropriate. The topics from the economic, environmental, social and governance categories were then analyzed according to the principle of double materiality: Relevant stakeholder groups assessed the impact under these topics on the economy, the environment and society in a survey. Feedback from a total of 67 stakeholders was incorporated, including investors and analysts (with a weighting of 25%), suppliers and business partners (weighting of 25%), customers (weighting of 25%) and Comet employees (weighting of 25%). In a second survey, a total of 32 managers from Comet's various divisions and from Group headquarters assessed the materiality of the topics for the company's long-term business success. The resulting materiality matrix was validated and approved by the Executive Committee and the Board of Directors of Comet Holding AG.

The result of the materiality analysis is presented in the materiality matrix. The 15 material topics form the basis for this sustainability reporting.


Impacts on the environment, society and economy
very high
medium
Responsible Supplier Standards
Product Impact
Employee Health and Safety
Energy Management and Carbon Emissions
Diversity, Equity and Inclusion
Community Engagement
Product and Technology Leadership
Product Quality and Compliance
Operational Excellence
Customer Loyalty and Satisfaction
Trade Compliance
Ethics and Compliance
Materials Compliance
Employer Attractiveness
Environmental Management System and Compliance
medium
very high
Business relevance
Economic (Business) Topics
Environmental Topics
Social Topics incl. Employee Topics
Governance/Ethics Topics

Sustainability at Comet

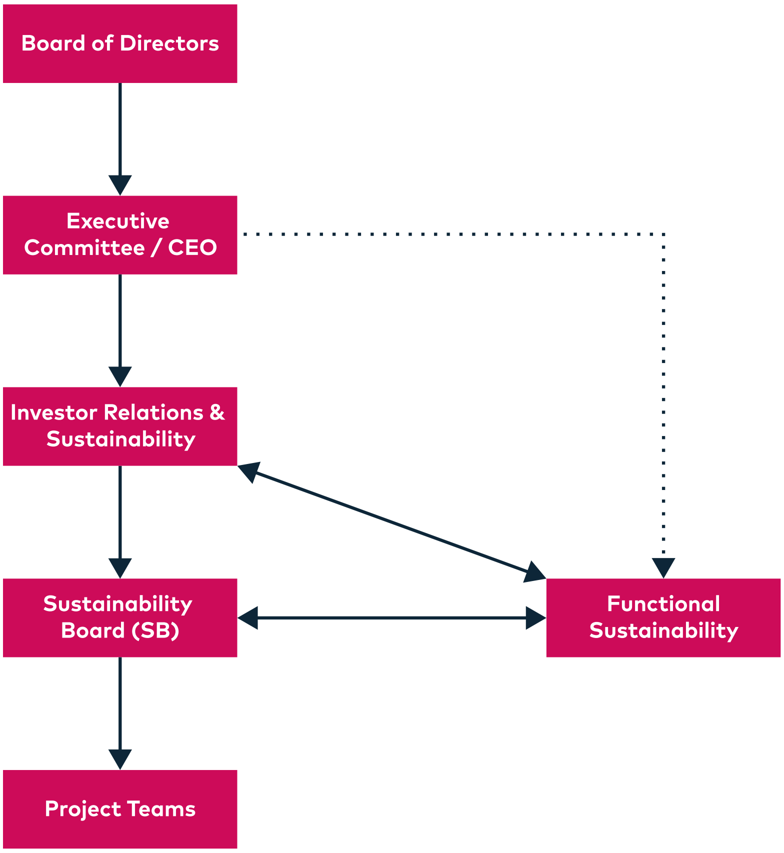
Strategy

For 75 years, we have been developing and producing innovative high-tech components and systems based on x-ray and radio frequency technology. Consistent alignment with global trends and developments was and is the basis of our success.

For Comet, sustainability is one of the central pillars of the high-performing organization we strive for, alongside technological leadership. Consistent with this, our company has long been actively committed to the concerns of the socially disadvantaged, to supporting and delivering the training of young people, to promoting diversity, and generally to reducing energy consumption and using sustainable energy sources. In order to further intensify these efforts and coordinate them even better within the Group, we want to work in these areas in a structured manner at a global level. As a company that is aware of its social responsibility and knows how to live up to it, we set ourselves long-term goals that we implement in small steps in the short term in order to improve every day.

Governance and organization

Sustainability must be part of strategic management and corporate planning. This is because the company can take a holistic view only when sustainability is integrated in the ways the company is managed. Through forward-looking governance practices, Comet can positively influence environmental, social and economic development. Accordingly, we strive to integrate sustainability into each of our many business processes. To do so, the measurement and management of sustainability performance must be integrated into corporate strategy and governance. Taking sustainability into account throughout the corporate management process is therefore a prerequisite for effective sustainability management.



The Board of Directors is responsible for overseeing and approving the sustainability strategy. It is also responsible for the review and approval of the annual sustainability reporting as part of the reporting process. The Board receives quarterly updates on the progress made in implementing the strategy and thus monitors the achievement of the sustainability targets. Specific subject areas are dealt with by the relevant committees of the Board of Directors. For example, the Audit Committee covers reporting, the Technology Committee deals with eco-design, and the Nomination & Compensation Committee handles the non-financial aspects of executive compensation. The practical implementation of the sustainability strategy is delegated by the Board of Directors to the Executive Committee.

The Executive Committee is responsible for executing the sustainability strategy and preparing the annual sustainability report. The Chief Executive Officer (CEO) assumes the role of sponsor for the sustainability program. The Executive Committee is supported in the implementation of the strategy by the Vice President of Investor Relations & Sustainability (VP of IR & Sustainability).

The VP of IR & Sustainability is responsible for planning, organizing and monitoring the operational implementation of the sustainability program. He or she coordinates the cross-functional and cross-project activities and, as chair of the Sustainability Board, leads the preparation of this body's decisions. The VP of IR & Sustainability reports to the Executive Committee on a quarterly basis on the progress made in executing the strategy.

The Sustainability Board, consisting of representatives from the upper management levels of the company, also meets quarterly. It discusses ongoing sustainability initiatives, initiates new projects and prepares sustainability targets for approval by the Executive Committee. The Board ensures the coherence of the sustainability initiatives within the Comet Group.

The detailed elaboration and operational implementation of the sustainability initiatives is carried out in various project teams that cover the material topics. These are made up of representatives from the divisions and Central Services (Group functions) who are responsible for the respective topic in their area of activity.

Environmental

In order to protect the environment and the interests of society, the Comet Group must focus on sustainability in all its activities and introduce and comply with appropriate environmental standards.

As a manufacturing company, we depend on a reliable supply of energy and raw materials. Wherever possible, we obtain electricity from renewable sources such as hydropower, solar or wind energy. When procuring raw materials, we work with suppliers who can provide us with information about the origin of their products and who are interested in long-term business relationships. At our own production sites around the world, we are constantly working to keep our processes and facilities up to date in order to continuously improve production efficiency and thus reduce material and energy consumption.

The careful use of energy and resources, the expansion of renewable energies and the constant increase in efficiency along the entire value chain - with a focus on suppliers and production - lead to a reduction in our emissions. The systematic refinement of data collection forms the basis for the development of a climate protection roadmap, which is part of our targets for the 2023 financial year.

Climate action roadmap: Strategy

In 2021, Comet launched a formal, Group-wide sustainability initiative that also includes climate-related aspects. Part of this initiative is a climate protection roadmap with which Comet intends to analyze and balance its greenhouse gas emissions in detail. The aim is also to review scenarios for reducing these emissions and to set ambitious targets in line with the Science-Based Targets Initiative (SBTi). Specific measures have been defined to achieve these targets, including the development of a climate action roadmap and the initiation of an eco-design project.

Our way to achieve net-zero in the long term:

In 2024, Comet will further develop the climate action roadmap in a top-down process. We already implemented various initiatives in the reporting year using a bottom-up approach. These include reporting on Scope 1 and Scope 2 emissions, setting initial targets for Scope 2 emissions, an initial estimate of Scope 3 emissions and various measures to reduce the CO_2 footprint. The intention to commit to the targets of the Science-based targets initiative has been postponed until the end of 2024 in order to gain a deeper understanding of the potential for reducing emissions in the company before the targets are submitted.

Focus on analysis and initial implementation measures

We have implemented many initiatives at our plants in recent years. For example, we run our own plant in Flamatt (Switzerland) on 100% renewable electricity. At our leased sites in Hamburg (Germany) and San Jose (California), we also purchase completely renewable electricity.

With regard to Scope 3 emissions, we reviewed the initial findings from the previous year and, on this basis, expanded the categories with the greatest impact on Comet's greenhouse gas (GHG) emissions. This process led to the conclusion that seven of the 15 Scope 3 emission categories are responsible for the majority of GHG emissions:

- Category 1 – Purchased goods and services
- Category 2 – Capital goods
- Category 4 – Upstream transportation and distribution
- Category 6 – Business travel
- Category 7 – Employee commuting
- Category 9 – Downstream transportation and distribution
- Category 11 – Use of sold products

Based on a previous analysis, Comet has conducted an initial Scope 3 screening. We estimated the approximate carbon emissions for what we consider to be the most important categories using an expenditure-based economic input-output method. This screening showed that Scope 3 emissions, at roughly 61,000 metric tons of CO_2 equivalent, account for approximately 90% of Comet's direct or indirect total emissions. Further work to calculate Scope 3 emissions more precisely is planned for 2024 in order to achieve greater transparency and improved data quality. Based on this refined database, Comet intends to develop initiatives to reduce Scope 3 emissions.

Risk management

In 2024, Comet will integrate climate-related risks into its existing multidisciplinary risk management process. This includes a regular review of the risk and opportunity assessment at each production site. Risks are identified for all time horizons in a top-down approach that covers the entire value chain from suppliers to customers. This identification is validated in collaboration with divisional management and the site managers. The main risks are to be extracted, categorized in a matrix and assessed in terms of their probability of occurrence and potential damage. Comet plans to quantify the potential impact of these risks in the near future.

For risks that are classified as significant, Comet develops action plans to reduce both the probability of occurrence and the severity of the potential damage. The Executive Committee reviews the effectiveness of these action plans and the entire risk portfolio at regular intervals and decides on any necessary adjustments. The Executive Committee informs the Audit Committee and the Board of Directors of its findings. The necessary risk management measures are discussed and decided at the top management level, after which implementation is delegated to the respective departments and/or locations. In addition, the results of the risk management process are incorporated into the annual review and approval of the business strategy by the Board of Directors and are integrated into the documented risk management process implemented by the Executive Committee.

Metrics and targets

Since 2021, Comet has disclosed key figures on greenhouse gas emissions and its general sustainability performance annually in accordance with the GRI Standards. The climate-related key figures are presented and explained in the following sections under the respective material topics.

Objectives and priorities for 2024

On our way to our long-term net zero ambition, we set our first climate-related targets in 2022. Over time, we will develop further targets based on our action plan, which will help us to monitor the efforts and measures we have defined to achieve net zero by 2050 at the latest.

For 2024, we have defined five priorities to drive forward our efforts to reduce CO_2 emissions and improve our processes in order to further increase transparency with regard to the quality of our sustainability reporting:

1. Taking the next steps in our climate roadmap

- Refine the Scope 1, 2 and 3 data
- Implement pilot projects to determine the CO_2 footprint of our products (the product carbon footprint, or PCF)
- Integrate the eco-design approach in research, development and production

2. Set environmental targets for the individual Comet sites

3. Improve the collection of environmental data through use of a cloud-based software solution; focus on CO_2 emissions

4. Further develop the database to comply with the TCFD framework: governance, strategy, risk management, metrics and targets

5. Submit commitment to the Science-based Targets initiative (SBTi)

Materials compliance

Materials compliance refers to compliance with certain standards and specifications in the selection and use of materials in products and processes. These standards can relate to various aspects, such as quality, safety, environmental compatibility and health risks. For Comet as a manufacturer of industrial products, compliance with environmental and market access regulations is an essential prerequisite for global business activities. These include, for example, the regulations on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), Restriction of Hazardous Substances (RoHS), the Toxic Substances Control Act (TSCA) or laws governed by international law and ethics, such as the Conflict Minerals Act, the Dodd-Frank Act and Regulation (EU) 2017/821.

Report on conflict minerals

In accordance with the "Ordinance on Due Diligence and Transparency with regard to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO) of 3 December 2021 (status as of 1 January 2024)"

Comet has a responsibility to its customers to provide a supply chain of the highest quality that meets all defined product performance standards and expectations. Our purchasing department maintains high standards in its supply chain by continuously evaluating new suppliers, but also by regularly assessing the performance of established suppliers. This is all the more important as the careful selection and maintenance of relationships with suppliers who adhere to ethical and sustainable practices contributes significantly to Comet's business success.

Purchasing maintains a relationship based on trust with its suppliers and pursues long-term strategies and goals with them. It also creates an environment in which Comet and its suppliers can continue to develop without making even the slightest compromise with regard to compliance with the Comet Group's Supplier Code of Conduct for ethically impeccable and legally compliant behavior. Purchasing checks that this code is also practiced and adhered to by suppliers.

To supplement the suppliers' self-declaration in the form of the signed Supplier Code of Conduct, we work together with the external supply chain specialist Assent Compliance Inc. The Assent platform collects the data required for compliance with REACH, RoHS, Conflict Minerals and TSCA. With this solution, we can ensure that our suppliers comply with all relevant laws and regulations. Suppliers who do not submit data to Assent will be contacted directly and asked to provide the required documentation. Where appropriate, we will work with our suppliers to identify measures for improvement. However, we also reserve the right to terminate the business relationship with suppliers under applicable laws if they do not comply with the Code or to take legal action against suppliers.

Comet imports individual raw materials and semi-finished products into Switzerland to manufacture its products, which are used in numerous industrial manufacturing processes in the semiconductor industry and in non-destructive testing. Only the metals imported by Comet in the reporting year under the designation "Other semi-manufactures and articles of tungsten" with customs tariff number 8101 99 00 pursuant to the Swiss DDTrO, annex 1, part B are subject to the provisions on due diligence and reporting obligations. Of these, Comet imported 684 kg of these metals in the reporting year and thus exceeded the exemption limit of 350 kg.

The purchased tungsten and its alloys are mainly used by the Industrial X-ray Modules division in x-ray tubes as anodes and cathodes. Small quantities of these materials are mixed into electronic components or alloys for turning and milling tools.

With regard to imported tungsten and tungsten alloys with customs tariff number 8101 99 00, Comet has implemented the obligations arising from the following legislation:

- Regulation (EU) 2017/821 and its delegated regulation (EU) 2019/429
- Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502 about Conflict Minerals

Through the implementation of the obligations under Regulation (EU) 2017/821 and its Delegated Regulation (EU) 2019/429, Comet is exempt, as defined in DDTrO, article 9, from the due diligence and reporting obligations in accordance with DDTrO, annex 2, part A.

By strictly adhering to all aspects of material compliance, we eliminate a wide range of risks that can have serious consequences. These include health hazards for employees and customers, environmental damage caused by our products, and legal and financial consequences that can arise from non-compliance with existing laws and regulations. It is therefore in Comet's interest that all employees involved in materials compliance receive regular training on this topic and understand both the underlying rules and the potential consequences of non-compliance.

The responsibilities for the processes are mapped in the Comet Group's management system. Essentially, the requirements for materials compliance at Group level are set by the Vice President of Global Operational Excellence (VP GOE), who reports directly to the CEO. The VP GOE defines the compliance regulations together with the Comet Group's legal experts. Responsibility for implementation in the regions lies with the divisions, and accountability lies with the respective Country General Manager. Activities in the area of materials compliance are coordinated worldwide by the Quality & Excellence Board.

Environmental Management System and Compliance

The principle of sustainability is an integral part of Comet's corporate culture. We strive to offer our customers high-quality products and services while avoiding environmental risks and producing in a resource-efficient manner. If these principles are disregarded, the company exposes itself to considerable risks. An environmental management system serves as a tool for managing our ecological footprint. Accordingly, we will step-by-step define environmental targets for the individual sites based on ISO 14001. Without environmental targets based on ISO 14001, it will be difficult to measure whether our climate protection targets are achievable. We also expose ourselves to legal and financial risks that could jeopardize our competitiveness in the long term. The principles of this approach are set out in the Comet Group's quality, environmental and safety policy and are supplemented by the Code of Conduct.

While all of our production and R&D sites are certified in accordance with ISO 9001:2015, Comet Yxlon (IXS division) in Hamburg has gone further by designing and implementing an environmental management system in accordance with ISO 14001:2015. Smaller units with purely sales and marketing activities are not certified. To ensure compliance with environmental regulations, internal audits, customer and certification audits, benchmarking and best practice applications are carried out at regular intervals at all production sites.

Comet successfully achieved a single Group-wide ISO 9001 certification in the reporting year. Group-wide certification to ISO 14001 is to be tackled in stages over the course of 2024.

The Vice President of Global Operational Excellence (VP GOE) is responsible for the performance of Comet's quality management system, including the process framework and architecture. The VP GOE drives the definition, implementation and improvement of Group-wide processes in close cooperation with the divisions. The tasks of the VP GOE include setting minimum standards for non-financial KPIs and ensuring certification and compliance with ISO standards. In this function, he is supported by various committees and advisory boards, such as the Operations Council and the Quality & Excellence Board, in which the Q&E heads of the divisions are represented. Responsibility for compliance with environmental regulations lies with the respective Country General Manager, while responsibility for compliance with environmental regulations lies with the Division President. In the reporting year, the Comet Group did not have any ongoing or completed legal proceedings due to non-compliance with environmental laws or regulations. Similarly, no fines were imposed on the company for environmental violations.

Energy Management and Carbon Emissions

All steps in the Comet value chain are associated with the consumption of energy. Accordingly, Comet is dependent on a stable and reliable power supply at its sites. Financial and operational risks from a possible power shortage, for which Comet was already preparing at the Flamatt site in the winter of 2022/2023, are among the most significant risks.

Energy consumption and emissions are also significant in the upstream and downstream value chain, particularly in the production and transportation of raw materials, semi-finished products and products, as well as in the use of products by customers.

In the 2023 reporting year, Comet refined the environmental data collection process. This makes it possible to publish consolidated, Group-wide environmental key figures for our own production (Scope 1 and 2) as well as an initial quantitative estimate of Scope 3 emissions for the reporting year as part of CDP. As expected, Scope 3 emissions account for the lion's share of emissions, at around 61,000 tonnes or 90% of total CO_2 emissions.

Comet has developed a climate roadmap to achieve its short, medium and long-term targets for reducing CO_2 emissions and working towards a net-zero emissions target by 2050. This roadmap also includes measures to increase the proportion of green electricity in its energy mix. This is set to rise to 80% in the 2025 financial year. By 2030, Comet plans to operate its sites exclusively with green electricity. We have also taken the first steps in eco-design to further improve the environmental footprint of our products and to identify measures for the development of a reduction pathway along the entire value chain in accordance with SBTi specifications.

2022	2024	2025	2030	2050
First climate targets set	Planned committment to Science-Based Targets initiative	80% of electricity from renewable resources	100% of electricity from renewable resources	Net-zero ambition by 2050 at the latest

Numerous measures need to be implemented in order to achieve the net-zero target. Using the knowledge gained from refined environmental data collection and improvements in energy management, Comet intends to develop these measures using a systematic approach and implement them over the coming years. In this way, we want to understand the physical and transition risks arising from climate change, such as damage to buildings, production disruptions due to natural events or new regulatory requirements, as part of a detailed analysis and identify and ensure measures to avoid them or the willingness to comply with them. This topic will be addressed as part of TCFD and SBTi in the coming years.

Disclosure in accordance with – GRI 302-1, GRI 305-1, 305-2

Environmental metrics[1]		2023[2]	2022
Energy consumption (total)	**MWh**	**20,341**	**18,842**
Electricity (total)	**MWh**	**17,072**	**15,886**
of which renewable	MWh	11,176	12,465
Heating (total)	**MWh**	**2,352**	**2,038**
Heating oil	MWh	137	147
Natural gas[3]	MWh	1,940	1,639
District heating	MWh	275	253
Fuels (total)	**MWh**	**916**	**918**
Diesel	MWh	630	704
Petrol	MWh	271	212
LPG	MWh	16	2
Greenhouse gas emissions (total)[4]	**tCO_2e**	**4,960**	**3,301**
Greenhouse gas emissions (total)			
Scope 1 (total)[3]	**tCO_2e**	**655**	**598**
Heating[3]	tCO_2e	428	369
Fuels	tCO_2e	227	229
Scope 2 (total)	**tCO_2e**	**4,305**	**2,703**
Electricity[5]	tCO_2e	4,256	2,657
District heating	tCO_2e	49	45

1) Scope covers all of Comet's companies and locations
2) Figures 2023 were externally audited by Ernst & Young AG to obtain limited assurance regarding the compliance of the reported information with the GRI Standards
3) Restated for Malaysia in 2022: 3,023 MWh / 918 tonnes of CO2 / 652 tonnes of CO2 reported in 2022 Annual Report. See chapter "Basis of calculations and definitions"
4) Calculations in accordance with the WRI/WBCSD Greenhouse Gas Protocol guidelines. Scope 1: GHG emissions from own sources, e.g., fuels. Scope 2: GHG emissions stemming from the production of electricity and district heating. Sources for emission factors: Defra & IEA.
5) With the exception of Flamatt, Hamburg, and San Jose greenhouse gas emissions associated with the production of electricity were accounted for in accordance with the "location-based approach" under the Greenhouse Gas Protocol Scope 2 standard. No emissions stem from electricity consumption in Flamatt, Hamburg, and San Jose, as the sites run entirely on renewable electricity. Considering only the location-based approach, electricity consumption across all sites would be responsible for 5,579 tonnes of CO2e emissions in 2023.

Controlling and reducing Scope 2 emissions is a key part of our strategy to achieve our short and medium-term emissions targets. For Comet, these emissions mainly consist of indirect greenhouse gas emissions caused by the consumption of purchased electricity.

In the past financial year, Comet recorded an increase in Scope 2 emissions, which was largely due to the expansion of our production in Penang, Malaysia. The expansion, although commercially beneficial, resulted in an increased environmental impact for the Comet Group. In contrast to the increase in Penang, electricity consumption in Flamatt decreased due to the correction in the semiconductor cycle and the associated lower production volumes.

With the exception of the Flamatt site, Comet has leasing agreements at all locations. This makes emissions management difficult in that renewable electricity is only available to a limited extent or not at all at some locations. This also applies to the Penang site in Malaysia.

We are actively striving to meet these challenges. We plan to convert our facilities in Aachen to green energy in 2024. We also plan to develop our new building in Penang as a climate-neutral unit.

Although reducing Scope 2 emissions is a complex challenge, particularly in regions with limited availability of electricity from renewable sources, our commitment to sustainably reducing our environmental impact remains. Through targeted planning and coordinated efforts, we aim to significantly reduce our Scope 2 emissions.

Resource efficiency metrics [1]		2023	2022
Waste (total)	**t**	**1,940**	**2,444**
Non-hazardous waste (total)	t	1,829	2,265
– Incineration	t	123	138
– Landfill	t	613	1,024
– Recycling	t	1,092	1,103
Hazardous waste (total)	t	112	179
– Incineration	t	1	1
– Recycling	t	110	178
Water consumption	**m^3**	**30,718**	**31,466**

[1] Scope covers all of Comet's companies and locations

Social and employee matters

Our employees are united by a passion for technology, a strong corporate culture and a commitment to our shared values. This is the basis for our success.

As a corporate citizen, we are aware of our responsibility in a world with more and more people and limited resources. Qualified and committed employees are a key prerequisite for our past and future success. That is why we invest in a corporate culture based on customer orientation, personal responsibility, and trustful collaboration in everything we do.

Through our continuous efforts, we create value for our employees, our customers and our stakeholders worldwide. Our employees benefit from progressive working conditions, a well-managed health and safety program and a culture based on trust. This creates the basis for above-average performance and thus a high level of customer satisfaction and loyalty, in many cases for years to come. Last but not least, we take our social responsibility seriously by supporting community projects and private sector initiatives.

Employer Attractiveness

In a rapidly changing world of work, a company's attractiveness as an employer is more crucial than ever. With the emergence of new working models, changing values among the younger generation and increasing competition for qualified employees, employer attractiveness is at the center of Comet's interest. A high level of employer attractiveness helps to attract and retain talented and committed employees in the long term.

In contrast, if Comet does not appear attractive in the eyes of potential and current employees, it may face a number of challenges. If we fail to position ourselves as an attractive employer, we will be exposed to significant risks in relation to our workforce. These risks range from difficulties in recruiting talent to high turnover rates and losses in productivity and innovation.

Comet focuses on attracting and retaining young talent. Networking with young talent while they are still students and attracting them to Comet are at the top of the agenda, alongside identifying and promoting talent within the company. Ensuring an attractive, flexible and inclusive working environment is the basis for this. A corporate culture that appeals to and retains both current and future employees is crucial.

The loyalty of our employees to the company, their commitment and their loyalty play just as important a role as the recruitment of new talent. We therefore regularly carry out comparative studies in the market and employee surveys in order to record the level of satisfaction and commitment of our employees and, if necessary, introduce measures to strengthen it. To guide and support our recruiting of new talent, we carry out needs analyses, regularly review our guidelines and regulations and adjust them where necessary.

We attach great importance to providing employees with good support beyond their working life at Comet. Here, the Human Resources team provides support during the transition to retirement as well as other departures from the company.

We regularly train our employees on topics such as quality, continuous improvement, health and safety, products and sales, management and leadership, compliance and IT security. In 2023, we switched the majority of safety training to our online training tool. New employees are assigned training courses when they join the company. In this way, we ensure a global standard and raise awareness of occupational safety. Employees are asked to repeat the training courses at regular intervals and are informed of any changes. In addition, we ensure that employees can gain a very good insight into the semiconductor industry and our products and markets with six-hour training courses on semiconductors held twice a year.

Disclosure in accordance with GRI 2-7

	Male			Female		
Composition of the workforce [1]	2023 [3]	2022	±	2023 [3]	2022	±
Workforce by employment contract	1,146	1,348	– 15%	373	415	– 10%
Permanent	1,104	1,184	– 7%	356	374	– 5%
Temporary	42	164	– 74%	17	41	– 59%
Workforce by employment type [2]	1,104	1,184	– 7%	356	374	– 5%
Full-time	1,006	1,078	– 7%	288	304	– 5%
Part-time	98	106	– 8%	68	70	– 3%

1) Definition of categories see chapter "Basis of calculations and definitions"
2) Permament staff only
3) Figures 2023 were externally audited by Ernst & Young AG to obtain limited assurance regarding the compliance of the reported information with the GRI Standards

Workforce by region	Europe		Asia		North America	
	2023	2022	2023	2022	2023	2022
Total	968	1,061	314	324	237	378
Permanent	920	897	311	292	229	369
Temporary	48	164	3	32	8	9

Workforce by employment type [1]	Europe		Asia		North America	
	2023	2022	2023	2022	2023	2022
Total	920	897	311	292	229	369
Full-time	754	723	311	291	229	368
Part-time	166	174	0	1	0	1

1) Permament staff only

Workforce by category[1]	Male 2023	Male 2022	Male ±	Female 2023	Female 2022	Female ±
Total	1,104	1,184	– 7%	356	374	– 5%
Production-related	587	663	– 11%	146	168	– 13%
Marketing and sales	155	162	– 4%	76	72	6%
General and administration	95	95	0%	100	101	– 1%
Research and development	267	264	1%	34	33	3%

1) Permanent staff only

Disclosure in accordance with GRI 401-1

Entries by gender[1]	2023	2022	±
Total	179	346	– 48%
Male	127	264	– 52%
Female	52	82	– 37%
Turnover rate[2]	20.1%	11.5%	–

1) Permanent staff only
2) Turnover rate 2023 externally audited by Ernst & Young AG to obtain limited assurance regarding the compliance of the reported information with the GRI Standards

Comet was forced to make downward adjustments to its workforce as a result of the correction in the semiconductor cycle and the generally weaker economy. This had a significant impact on the number of employees. First and foremost, Comet reduced the number of temporary workers and temporary employees. Due to the weak order situation in the Plasma Control Technologies division, production-related jobs were disproportionately affected by the reduction. In contrast, Comet slightly increased the number of employees in research and development in order not to jeopardize its long-term technology leadership and to be ready for the next upswing with new products. While the turnover rate among colleagues who left Comet involuntarily increased significantly, it remained almost the same for employees who left voluntarily in the reporting year.

Employee Health and Safety

Health and safety are fundamental aspects of the working environment that are essential to the well-being of employees and the success of Comet. As part of the semiconductor value chain and therefore operating in a high-tech industry, investing in effective health and safety measures is key for us. Our workforce is made up of highly qualified people, whether in production, sales, product management or research and development. Replacing these employees at short notice in the event of illness or accidents is practically impossible. This was made clear to us during the pandemic, when order books were full but some employees were absent due to illness. In our cyclical industry, production stoppages, especially with high order volumes, can lead to us not fulfilling orders on time and thus losing market share to competitors. This can result in business being lost to competitors. A forward-looking approach to health and safety is therefore not only an ethical responsibility, but also a business necessity that is crucial to our long-term success.

Our products and their manufacturing processes require appropriate attention and compliance with health and safety standards. The basic principles for this are set out in the quality, environmental and health and safety guidelines. Occupational safety is guaranteed, practiced and documented in our management system. This applies not only to all employees without exception, but also to external/temporary service providers, i.e. everyone who works at our sites and in our buildings. Depending on the location, the organization of occupational safety is tailored to the size of the unit and the potential risk. Local laws and regulations are taken into account at all locations. In Germany, for example, these are the Occupational Health and Safety Act and the regulations of the German Social Accident Insurance; in Switzerland, the ten points of the Federal Coordination Commission for Occupational Safety (FCOS) are central standards.

With regard to the continuity of business operations and the well-being of our employees, there is no higher priority for us than ensuring the safety and health of our employees. Accordingly, we endeavor to avoid accidents as far as possible. The use of lasers and chemicals as well as the emission of ionizing radiation in our production processes require appropriate measures to protect our employees from exposure to these potential sources of danger. In addition to these legal requirements, we also have an ethical and moral obligation.

Comet's management attaches great importance to the well-being of its employees and customers. The organizational units of our company and all employees are responsible for health and safety in the workplace. We are committed to complying with the relevant laws and safety standards and carry out annual audits depending on location and exposure. In addition, we report deviations or violations immediately so that they can be rectified as quickly as possible or avoided in the future, and strive for improvements in occupational safety.

Preventive measures are essential for us. Health and safety in the workplace are regularly addressed in training and further education. Every employee should feel physically and mentally fit at work and in the working environment.

The achievement and improvement of occupational health and safety objectives is ensured through continuous process monitoring and review of the effectiveness of these processes. Principles and guidelines are reviewed at regular intervals to ensure that the management system is up to date and effective. If necessary, they are amended. Such reviews are also triggered in particular by changes in customer requirements.

Responsibilities for health and safety are mapped in the Comet Group's management system. Essentially, the Country General Manager ensures compliance with local health and safety standards and procedures. The Division Country General Managers are then responsible for implementing these standards and procedures.

Thanks to the deep-rooted awareness of health protection and occupational safety in the Group, there were no fatalities in our factories in the reporting year.

Occupational health and safety metrics	2023	2022	±
Injuries[1)]	24	16	50%
Lost workdays due to work-related injuries	9	370	– 98%
Lost workdays due to illness	12,703	13,755	– 8%

1) Injury arising out of, or in the course of work. Definition of injury according to local labour law (if applicable), otherwise according to internal organizational provision: recordable injuries only.

The number of work-related injuries increased in the reporting year, but the number of working days lost as a result was lower. The number of working days lost due to sickness-related absences also fell.

Responsible Supplier Standards

We strive to provide our customers with a supply chain of the highest quality that meets all established product performance standards and expectations. Accordingly, finding and maintaining the right suppliers is critical to Comet's commercial success. Our purchasing department maintains these high standards by continually evaluating new suppliers, but also by regularly assessing the performance of our established suppliers. This process is all the more important as the careful selection and maintenance of relationships with suppliers who adhere to ethical and sustainable practices contributes significantly to Comet's business success. In this way, we reduce what we consider to be the limited risks - as described in detail in the report on conflict minerals and child labor - associated with the selection of irresponsible suppliers, which are far-reaching and range from direct financial losses to legal problems and long-term reputational damage. In this way, we secure our own future viability and competitive strength and make a positive contribution to the development of the economy and society.

Report on child labor

In accordance with the "Ordinance on Due Diligence and Transparency with regard to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO) of 3 December 2021 (status as of 1 January 2024)"

Due to its product and service portfolio, Comet assesses its risks with regard to violations of human rights, including child labor or respect for the basic human rights of employees, as low.

In its risk analysis, Comet bases its assessment of regional risks on the UNICEF Children's Rights and Business Atlas (as at June 2023), which assesses the risk of child labor for 195 countries and classifies them as "Basic", "Enhanced" and "Heightened". Comet also uses the United Nations Global Compact Business & Human Rights Navigator to assess the risk of child labor at a sector-specific level. These regulations show that Comet has exposure to China, Malaysia and the USA, which are classified as "Enhanced", as well as to the mining and electronics manufacturing sectors.

Through a survey directed to the country general managers, the Global Strategic Supply Chain Director and the supply chain directors of the divisions, Comet assessed whether there was a reasonable suspicion of child labor in the respective countries and the supply chains of the Comet Group and of the divisions in the reporting year. The internal survey conducted in 2023 – addressed to our country general managers and the Global Supply Chain Director of the Group and the divisions – did not reveal any reasonable suspicion of child labor as defined in ILO Convention No. 138 of June 26, 1973 or DDTrO, article 2, para. 1, lit. f.

As there are no reasonable grounds to suspect child labor based on the surveys, Comet is exempt from the due diligence and reporting obligations regarding child labor.

The Supplier Code of Conduct (Supplier CoC), which has been in force since January 1, 2021, is based on the Responsible Business Alliance (RBA) Code of Conduct and sets out the basic principles and requirements for Comet suppliers and external service providers with regard to their responsibility towards their stakeholders and the environment and covers the following topics:

- Compliance with the law
- Prohibition of corruption and bribery
- Fair competition conditions, antitrust laws and intellectual property rights
- Conflicts of interest
- Respect for the fundamental human rights of workers
- Prohibition of child labor
- Health and safety of employees
- Environmental protection
- Supply chain
- Materials compliance

By signing the Supplier CoC, our suppliers agree to comply with the principles and requirements of this Code in addition to their obligations under other contracts with us. We reserve the right to amend the requirements of the Supplier CoC to reflect changes in our compliance policies.

In order to minimize the risk of violations of the Supplier CoC, we strive for long-term partnerships with reliable suppliers. However, if a supplier becomes aware of or suspects abusive behavior by the supplier itself or one of our employees, it must inform us immediately. In addition, suppliers agree that the Comet Group, including our subsidiaries or designated representatives (including third parties), may verify compliance with the Supplier CoC, including through audits, on-site inspections of facilities or review of books and records. In the event of non-compliance, we follow the procedure set out in the ISO 9001 standard. Where appropriate, we will work with our suppliers to find measures to resolve issues. However, we reserve the right to terminate the business relationship with a supplier if they do not comply with the Code and to take legal action against the supplier if necessary.

Other important elements of the Supplier CoC are social and environmental aspects. By signing the Code, suppliers promise, for example, to:

- promote equal opportunities and equal rights for employees, regardless of skin color, ethnicity, national origin, social background, disability, sexual orientation, political or religious beliefs, gender or age;
- do not tolerate unacceptable treatment of employees, such as psychological violence, sexual harassment or discrimination, and
- act in accordance with the applicable legal and international standards on environmental protection.

Diversity, Equity, and Inclusion

Respect for diversity, equity and inclusion (DEI) is not only a matter of social responsibility, but also a key factor in Comet's success and competitiveness. DEI initiatives help to create a positive and productive working environment that values and supports all employees, regardless of their individual identity. This leads to higher employee satisfaction, greater loyalty and ultimately increased innovation and performance.

Failure to comply with DEI is associated with diverse and significant risks. First and foremost, there is a direct impact on employee satisfaction and talent retention. In addition, an inadequate DEI policy can damage Comet's reputation or even have legal and financial consequences for the company.

Our Code of Conduct and our Equal Opportunities Policy state that no employee may be discriminated against by the company or by other employees. We are firmly committed to ensuring equal opportunities in all areas of employment. Discrimination against employees by the company or by other employees on the basis of their nationality, ethnic origin, religion, gender, age, sexual orientation or any other protected characteristic is strictly prohibited. There were no incidents of discrimination in the reporting year.

Disclosure in accordance with GRI 405-1

	Male		Female	
Diversity in management (gender)	2023 [1]	2022	2023 [1]	2022
Headcount	163	177	35	36
Percentage	82.3%	83.1%	17.7%	16.9%

	Male		Female	
Diversity of governance bodies (gender) [%]	2023 [1]	2022	2023 [1]	2022
Board of Directors [2]	57	67	43	33
Executive Committee [3]	86	83	14	17

Diversity of governance bodies (age) [%]	<30		30–50		>50	
	2023 [1]	2022	2023 [1]	2022	2023 [1]	2022
Board of Directors [2]	0	0	14	17	86	83
Executive Committee [3]	0	0	57	33	43	67

1) Figures 2023 were externally audited by Ernst & Young AG to obtain limited assurance regarding the compliance of the reported information with the GRI Standards
2) For the definition of "Board of Directors", see the section "Basis of calculations and definitions"
3) For the definition of "Executive Committee", see the section "Basis of calculations and definitions"

Community Engagement

Our stakeholders expect Comet to go beyond its economic interests and make a positive contribution to society. Social engagement, whether through social projects, environmental initiatives or local partnerships, has become an important measure of Comet's responsibility and integrity. As the double materiality analysis has shown, the issue of social commitment is considered important but not central by management and stakeholders. Nevertheless, we are exposed to certain risks if we fail to engage in social issues. Social engagement is an important factor for Comet's long-term success, its legitimacy and thus for maintaining our license to operate.

Our approach to direct engagement in society is twofold:

- At Group level, as a learning organization and a company with a long tradition of personnel training and development, we pave the way to success for dozens of trainees, interns and young professionals. In addition, we support institutions that are committed to a similar mission in the field of technology and education at a local and global level.
- At a local level, our regional teams and locations are opportunistically committed to social issues. The impetus for this often comes from committed employees who are encouraged and supported in their activities by local management.

Governance

We are committed to ethical and legally compliant behavior in everything we do. Every single point of our Code of Conduct is non-negotiable.

The individual behavior of all of us - how we interact with colleagues, customers, suppliers and all other stakeholders - determines our success as a company. The values and principles of the Code of Conduct developed in 2020 form the foundation of our corporate culture and the basis for all our actions and decisions.

Strict and full compliance with laws, guidelines and regulatory standards at local, national and international level is not only the right thing to do, but also an important asset on which our reputation is based. The ethical conduct of all individuals and partner organizations with whom we work also contributes to this. All internal and external stakeholders can rely on us to treat them fairly and ethically at all times.

Practicing and upholding proper business ethics is an integral part of our relationships with each other, with our customers, with our suppliers, with our investors and even with our competitors. Ethical behavior is a crucial basis for trustful cooperation and for the success of our company. We require all Comet employees to adhere to our Code of Conduct. To ensure that every employee understands the content of our Code of Conduct, we introduced mandatory compliance training some time ago, which every Comet employee must complete on a regular basis.

Ethics and Compliance

Ethics and compliance are key pillars of Comet's success and integrity. While ethical standards define the moral behavior of a company, compliance refers to adherence to legal regulations. Adherence to ethics and compliance standards is not only a necessity, but also a key element in maintaining the trust and loyalty of all stakeholders. Failure to comply with standards can have serious legal and financial consequences, such as the loss of business opportunities or lengthy and expensive legal disputes, but also long-term damage to the company's image and therefore a loss of trust among customers, investors and other stakeholders.

Ethical behavior and compliance with laws and internal guidelines and requirements are non-negotiable. Accordingly, our Code of Conduct obliges all employees to comply with all laws and ethical standards.

As part of the risk management process, for which the Board of Directors is responsible, the Group's risks are assessed twice a year by the Audit Committee. The most important points are reported to the Board of Directors and discussed as part of the general business risks. Significant risks are systematically identified and recorded in a risk matrix.

At Group level, guidelines, processes, training, monitoring and continuous improvement measures ensure the highest level of ethics and compliance awareness among the workforce. Comet is currently focusing on the following areas: (i) data protection, (ii) code of conduct, (iii) anti-corruption and (iv) anti-trust.

Accountability for the implementation of these topics lies with the respective Country General Manager, while responsibility lies with the divisions. Compliance officers report to the Country General Manager and support the divisions and locations in implementing the compliance requirements. Where necessary, adjustments are made to the legal requirements. Responsibility for issuing rules and guidelines on other compliance issues such as health and safety lies with the respective Country General Manager, while implementation is carried out by the Division Country General Manager to whom the location is assigned.

The value of these structures and efforts is demonstrated by the fact that we were not involved in any legal proceedings due to non-compliance with laws or regulations in the reporting year, nor did we receive any significant fines as a result.

Trade Compliance

Trade compliance is a crucial element in international business. It refers to compliance with all relevant laws and regulations that govern trade between different countries. This includes customs regulations, export controls, sanctions and anti-corruption laws.

We comply with a wide range of laws and regulations when selling our products worldwide. Under no circumstances may exports, brokerage, transit or transfer by persons acting on behalf of the company violate these laws and regulations. It is of utmost importance that Comet and its products comply with all standards and requirements relating to business, ethics, quality, supplier and consumer protection. Failure to comply with these rules and regulations can result in delays in delivery to our customers, severe financial losses in the form of fines, and other penalties imposed by international regulatory authorities. Non-compliance with trade regulations can also be perceived as a lack of integrity or irresponsibility and can affect the confidence of customers, investors and business partners.

To ensure compliance, Comet has introduced a Trade Compliance Policy integrated into the company's management system, which lists the most important requirements and defines the roles and responsibilities within the global organization. In addition, it serves not only to promote and protect personal and corporate interests, but also to ensure compliance in the various supply chains. As part of our management system, the Country General Manager is responsible for ensuring that trade in their country or region is conducted in accordance with Comet's Trade Compliance Policy and applicable regulations. The Country General Manager is responsible for the organizational design and implementation. To meet the specific requirements of trade compliance, a Trade Compliance Officer is appointed for each country. This officer is responsible for trade compliance and is supported by trade specialists. The trade specialists and the Trade Compliance Officer are authorized to stop transactions. We strengthen trade compliance through annual training for the responsible employees.

In 2023, we were not involved in any legal proceedings due to non-compliance with trade-related laws and regulations, nor did we receive any significant fines as a result.

Basis of calculations and definitions

Period and base year
The reporting period covers the period from January 1 to December 31, 2023.

Reporting boundary
The environmental key figures include all locations and companies in Comet's scope of consolidation as listed in the annual report. Compared to the 2022 reporting year, the companies in the scope of consolidation have remained unchanged.

The following changes made by Comet to its business locations are significant for the calculation of environmental indicators in the 2023 financial year:

- In San Jose, California (USA), the four existing locations were merged into one new location in San Jose in the 2023 financial year
- The location in Beijing (China) was largely integrated into the two locations in Shanghai (China) in the course of the 2023 financial year
- The Hudson, Ohio (USA) site was closed during the 2022 financial year and integrated into the Shelton, Connecticut (USA) site

Restatements
The figure for natural gas consumption in Malaysia was corrected from the figure published in the 2022 Annual Report (3,023 MWh) to 1,639 MWh. This resulted in a correction of Scope 1 emissions from 918 tonnes of CO_2 in the 2022 Annual Report to 598 tonnes and of emissions caused by natural gas from 652 tonnes of CO_2 to 369 tonnes. The reason for the restatement is an erroneous classification of the energy source for the HVAC system (heating, ventilation, cooling) at the Penang site in Malaysia. Further deviations in the reported figures in this year's report compared to last year's report are considered insignificant (<10%).

Data sources and data collection
With the exception of the Flamatt site in Switzerland, which is owned by Comet, all of the company's other sites are leased. As a result of these leases, not all the necessary data on energy consumption for the financial year is available in time for the end of the reporting period.

In order to nevertheless gain a comprehensive overview of energy consumption at these locations, the data collection for Scope 1 and Scope 2 emissions calculations is based on various sources: these include invoices received during the year, extrapolations based on the latest available data or estimates based on the previous year's figures.

Scope 1 and Scope 2 data is collected every six months through surveys at all locations. The first survey takes place between November of the reporting year and January of the following year and forms the basis for the annual report. This is based on current information, with extrapolations made by Group Controlling in cooperation with the locations or estimates based on employee numbers and the size of the rented operating space being used in the event of missing data. A second survey is carried out in the second quarter of the following year based on the figures actually reported for the reporting year in order to check the provisional figures and, if necessary, correct them retrospectively in the next annual report if there are significant deviations. These figures are used for the entries in the CDP Climate Change Questionnaire.

Internal costs, external invoices and information from service providers as well as data provided by the landlord are used to record water consumption, waste volumes and energy consumption for heating and vehicles. If such sources are not available, an estimate is made based on the number of employees.

Data control and data plausibility
Plausibility checks of the reported data are systematically ensured through year-on-year comparisons. For each data collection, as described in the "Data sources" section, those responsible for the locations check the data against the figures for the reporting year and the previous year. Any discrepancies identified are reported to Group Controlling. In the case of values outside a tolerance of (± 20%), a detailed review is carried out. Group Controlling then works with the respective site managers to check and correct such data points. If the deviation is outside the tolerance and is confirmed, a correction is made in the annual report for the following reporting year.

Methodology Data evaluation and emission calculations
The data points collected are read in and consolidated by Sustainserv GmbH using a semi-automated Excel program. In order to ensure a uniform analysis, the different measurement units of the individual questionnaires, such as currencies, weights and performance units, are converted into standardized measurement units using conversion tables. This process complies with the guidelines of "The GHG Protocol Corporate Accounting and Reporting Standard".

Scope 1
For the calculation of Scope 1 emissions, which relate to direct emissions from the company's own energy sources, the specific consumption data is summarized and calculated using the current conversion factors from the DEFRA 2023 database. These emission factors are adjusted annually to ensure accuracy and timeliness.

Scope 2 location-based
For the location-based Scope 2 emissions, which record the indirect emissions from the energy consumption of the locations, the calculation is carried out by multiplying the specific consumption data with the country-specific energy mixes, based on data from the IEA and eGRID 2023 databases.

Scope 2 market-based
For the market-based Scope 2 emissions, which calculate energy consumption based on the actual energy mixes and conversion factors of the energy suppliers, the emission factors, where available, are updated annually directly by the Group companies with the respective energy suppliers. Comet will make additional efforts in the coming years to obtain utility-specific emission factors and further develop Scope 2 reporting on this basis.

Once the data has been evaluated, the calculations are randomly checked before the corresponding tables and figures are published in the annual report.

External audit
The contents of the Sustainability Report 2023 marked in the respective places were subjected to an external audit by Ernst & Young AG to obtain limited assurance regarding the compliance of the reported information with the GRI Standards.

Definitions

Employees: Persons who are in a direct employment relationship with the company under national law or practice. Excludes persons who work on another basis, such as consultants, contractors, temporary workers, self-employed persons, etc.

Permanent employees: Employees with an open-ended contract that is not limited by time and/or performance of duties and whose expiry requires certain measures on the part of the employee/employer in accordance with national law or practice. Internal categories: 1A (CEO), 1B (member of the Executive Committee), 2A (General Manager), 2B (member of Division Management), 2C (Senior Vice President), 2D (member of Group Functions Management, 2E (Vice President), 2F (Senior Director), 3A (Director), 3B (Senior Specialist), 4A (Manager), 4B (Team Leader), 4C (Specialist), 4D (Junior Specialist), 6A (salaried employees), 6B (hourly-paid employees).

Temporary employees: Employees with a contract for a limited period of time (fixed-term contract) that ends at the end of the specified period or after completion of a specific task or event. Internal categories: 6A (apprentices), 6B (interns/trainees), as well as all other categories if only a fixed-term employment contract exists.

Full-time employees: employees whose working hours are defined per period in accordance with national laws or practices.

Board of Directors: Comprises all members of the Board of Directors of Comet Holding AG.

Executive Committee (EC): Comprises all members of the Executive Committee of the Comet Group in the internal categories 1A (CEO) and 1B (other members of the EC).

Regions: Europe - Denmark, Germany, Switzerland/Asia - China, Japan, Malaysia, South Korea, Taiwan/North America - Canada, USA

Turnover: Rate at which employees leave the organization.

Voluntary turnover: if the employee leaves the company of their own free will and this cannot be foreseen/prevented by the company.

Involuntary turnover: if the employer causes the employee to leave the company or the employee leaves the company for a reason independent of the employer (illness/death, etc.).

Calculation of employee turnover:
- Total [in %]: (total number of involuntary leavers + total number of voluntary leavers)/staff x 100
- Voluntary [in %]: (total number of voluntary leavers/staff) x 100
- Involuntary [in %]: (total number of involuntary leavers/staff) x 100

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To the Board of Directors of

Comet Holding Ltd, Flamatt

Berne, 1 March 2024

Independent Assurance Report on selected KPIs in the Sustainability Report 2023

We have been engaged to perform a limited assurance engagement (the engagement) on selected metrics (the KPIs) disclosed in COMET Holding AG's (the Company's) Sustainability Report 2023 and the Report on non-financial matters 2023 (the report) for the reporting period from 1 January to 31 December 2023.

The metrics and information that we reviewed are indicated in the Sustainability Report on pages 148 – 199 and in the Report on non-financial matters 2023 on pages 203 - 236 through a corresponding footnote.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the report, and accordingly, we do not express a conclusion on this information.

Applicable criteria
The Company defined as applicable criteria (applicable criteria):
- Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

A summary of the standards is presented on the GRI homepage. We believe that these criteria are a suitable basis for our limited assurance engagement.

Responsibility of the Board of Directors
The Board of Directors is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.

Independence and quality control
We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the report are free from material misstatement, whether due to fraud or error.

Summary of work performed

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Although we considered the effectiveness of management's internal control when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal control. Our procedures did not include testing control or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria and their consistent application
- Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management
- Interviews with the Company's key personnel to understand the sustainability reporting system during the reporting period, including the process for collecting, collating and reporting the KPIs
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria
- Analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting calculations
- Testing, on a sample basis, underlying source information to check the accuracy of the data

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

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Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs for the reporting period from 1 January to 31 December 2023 have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd

Mathias Zeller
(Qualified Signature)
Executive in charge

Martin Mattes
(Qualified Signature)
Partner

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