

Led by experience. Driven by curiosity.

# Half-Year Report 2022

of Comet Holding AG



**c•met**  
group

**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.**

# The Comet Group

**Comet is a global technology leader based in Switzerland. For more than 70 years, we have been developing and manufacturing innovative high-tech components and systems. As a trailblazing, leading tech company in radio frequency (RF) power and x-ray technology, we make a growing contribution to a safer and more secure, more efficient and sustainable world of manufacturing, communication and mobility.**

With pioneering solutions for a wide range of industries, we support customers in improving and evolving their products and processes. As a result, we help bring greater safety and security, mobility, sustainability and efficiency to many areas of life. Plasma control modules from Comet are important in the efficient fabrication of computer chips with ever higher storage capacity. The Group's high-performance x-ray systems for non-destructive testing and inspection make vehicles safer and airport security checks more reliable.

With our leading-edge products, we are always challenging the limits of the physically possible. Our highly skilled experts work closely both with customers in Europe, the Americas and Asia and with well-known research institutions worldwide. The resulting tailored solutions deliver lasting value-added for our customers and partners.

# Results for the first half of 2022

## Comet Group on plan for full year guidance, successfully managed supply chain in the first half of 2022

### First half of 2022

- Net sales growth of 7.7% to CHF 267.5 million (H1 2021: CHF 248.3 million)
- EBITDA margin of 14.1% (H1 2021: 17.8%); adjusted EBITDA margin of 17.4%
- Strong book-to-bill ratio of 1.23

### Outlook for second half of 2022

- Underlying semiconductor and electronics market environments remain strong
- Aerospace market continues on recovery path, while automotive and security markets remain sluggish
- Supply chain challenges and geopolitical uncertainties persist
- Full-year 2022 guidance narrowed: net sales of CHF 580 million to CHF 610 million, EBITDA margin of 21.0% to 23.0%

Comet increased net sales by 7.7% to CHF 267.5 million in the first half of the year (H1 2021: CHF 248.3 million). This solid growth was achieved despite the unexpected shutdown of the company's China factories due to the zero-COVID policy and longer lead times for critical parts. The lockdown in China halted production at the PCT division facilities in Shanghai for six weeks and also affected the X-Ray Systems division (IXS). At IXS, revenue relating to the installation of systems was pushed back to the second half of the year. EBITDA was reduced by inflation-related higher costs for raw materials and logistics, supply chain constraints, China's COVID lockdown, as well as a one-off expense for Comet's actions against XP Power to defend Comet's trade secrets (see media release of March 24, 2022). As a result, H1 2022 EBITDA was CHF 37.7 million, versus CHF 44.3 million in H1 2021, and the EBITDA margin came to 14.1% (H1 2021: 17.8%). Adjusted EBITDA, excluding the one-time XP trial impact, results in EBITDA earnings of CHF 46.7 million and 17.4% margin. The company expects the year-over-year impact of these challenges to moderate via agreed commercial negotiations with its customers throughout the second half of 2022.

Underlying conditions in Comet's primary markets, the semiconductor and electronics sectors, remained strong and at an all-time high. Also, the aerospace market continued its upward trend despite China's COVID lockdown slowing growth in aerospace in China. The security inspection and automotive markets showed a lower ramp than expected, with the war in the Ukraine causing further supply chain disruptions.

In this environment, Comet systematically continued to execute on its strategy. The Group formally launched the new Synertia® radio frequency generator family to its customers, strengthened its focus on the semiconductor and electronics markets in the x-ray businesses, and

recorded increasing market share gains in the X-Ray Modules division. These important milestones support Comet's medium-term goals.

Comet ended the first half of the year with a strong balance sheet, an equity ratio of 52.9% (year-end 2021: 56.1%) and cash and cash equivalents of CHF 87.8 million, providing the Group with the flexibility to implement its focus strategy.

## Performance of the divisions

### **PCT: continued growth in the semiconductor industry – market launch of the Synertia® RF generator family**

The Plasma Control Technologies (PCT) division achieved a 19.3% year-over-year increase in net sales to CHF 173.5 million (H1 2021: CHF 145.4 million) in a persistently strong market environment. However, a less favorable product mix, the costs of litigation against XP Power as well as price increases not yet fully effective in H1 2022 led to an operating profit at EBITDA level that was 1.2% lower at CHF 34.3 million (H1 2021: CHF 34.7 million) and a lower margin of 19.8% compared to 23.9% in the first half of the prior year.

The transfer of volume production of matchboxes from San Jose, California, to Penang in Malaysia continues ahead of plan. Capacity utilization in excess of 60% in Penang is expected by the end of the year, which will significantly boost the division's profitability. Following a successful test phase, the first product variant of the Synertia® RF generator family was presented to the wider plasma etch and deposition community in July at Semicon West, the leading trade show for the semiconductor industry. This means that for the first time, Comet can now offer a complete RF power delivery system. Comet recognized initial Synertia® sales in H1 2022, continued the beta testing with new potential customers and plans to bring a second model of Synertia® into the test stage toward the beginning of 2023. Comet is planning to consolidate its currently four locations in San Jose, California, into one site in 2023. This single site provides an innovative workspace for Comet's employees and enables efficient, broader and secure collaboration with customers.

### **IXS: progress in entry into advanced packaging inspection – earnings impacted by lockdowns in China**

The X-Ray Systems (IXS) division was the one most impacted by the lockdowns in China as the zero-COVID measures resulted in the postponement of system installations at customer sites. In addition, the supply-chain related slowdown in its automotive market segment led to a weaker than expected first half-year. Net sales reached CHF 60.0 million, a decrease of 14.5% compared to H1 2021 (CHF 70.2 million). EBITDA decreased from CHF 4.5 million in H1 2021 to a deficit of CHF –1.6 million. The EBITDA margin was –2.6% (H1 2021: 6.4%). The division expects to catch up in sales revenue in the second half of the year through the realization of deferred sales and to deliver an EBITDA-positive performance for the year.

The strategic realignment of the X-Ray Systems division with the expansion of its presence in the semiconductor/electronics market and the development of the advanced packaging market continues as planned, with sustained high margin sales into this arena.

### **IXM: double-digit sales growth – market position improved**

The X-Ray Modules (IXM) division performed well in all core markets of non-destructive testing and safety inspection despite strong supply chain bottlenecks and the impact of the China zero-COVID lockdown. New tubes and modules for the semiconductor and electronics industries, as well as growing applications in battery testing, additive manufacturing, and metrology, provide high growth momentum. Net sales increased by 9.9% to CHF 41.0 million (H1 2021: CHF 37.3 million) and EBITDA rose by 4.6% to CHF 6.1 million (H1 2021: CHF 5.9 million). At 15.0%, the EBITDA margin was slightly below the prior year (H1 2021: 15.8%).

The division's stable or increasing market shares in the traditional markets and in the semiconductor/electronics space, as well as superior delivery capability compared to the competition, underline the good prospects for IXM.

### **Outlook**

Comet experienced good order momentum overall in the first half-year. The company finished the reporting period with an all-time high order backlog, and a strong book-to-bill ratio of 1.23.

The long-term drivers for the semiconductor and electronics markets are intact. The aerospace market remains on its recovery path from the pandemic environment, while the automotive and security sectors are expected to remain weak in the second half of 2022. In this market environment, Comet remains committed to meeting the needs of its customers and will continue to focus on addressing challenges in the supply chain and geopolitical uncertainties.

Based on this view, Comet is on track to achieve another record year in sales and EBITDA. Therefore, the company narrows its full-year guidance for 2022 of net sales in the range of CHF 580 million to CHF 610 million and an EBITDA margin of 21% to 23%. This assumes no deterioration in the current economic and geopolitical situation.

### **Webcast / Conference Call for media and analysts/investors**

The detailed half-year results will be presented in a webcast / teleconference on July 28, 2022, at 10:00 a.m. CEST in English.

#### **Dial-in numbers:**

+41 (0) 58 310 50 00 (Europe)

+44 (0) 207 107 0613 (UK)

+1 (1) 631 570 5613 (USA)

For other countries:

[https://media.choruscall.ch/documents/Attended\\_DI\\_numbers.pdf](https://media.choruscall.ch/documents/Attended_DI_numbers.pdf)

#### **Webcast (link):**

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=f4OGdlsO>

### **Capital Markets Day**

The Comet Group will hold its Capital Markets Day on November 16, 2022, as an in-person event in Zurich. A separate invitation will be published at a later date.

## Financial metrics

### Alternative performance measures

In its financial reporting, Comet uses key indicators defined by International Financial Reporting Standards (IFRS), while also employing 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 is therefore limited.

The key alternative performance measures used in the 2022 half-year report are defined as follows:

Key performance measures	Comet definitions
Earnings before interest, taxes, depreciation and amortization (EBITDA)	Operating income as per consolidated statement of income before depreciation, amortization and impairment losses on property, plant and equipment, right-of-use assets and intangible assets.
EBITDA margin	EBITDA as a percentage of net sales.
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.
Book-to-bill ratio	Ratio of orders received to the amount billed for a specific period.

### Reconciliation of free cash flow

In thousands of CHF	June 30, 2022	June 30, 2021
Net cash provided by operating activities	9,211	21,802
Net cash (used in) investing activities	(6,202)	(6,538)
<b>Free cash flow</b>	<b>3,009</b>	<b>15,264</b>

### Reconciliation of book to bill ratio

In thousands of CHF	June 30, 2022	June 30, 2021
Incoming orders	329,556	266,949
Net sales	267,498	248,302
<b>Book to bill ratio</b>	<b>1.23</b>	<b>1.08</b>

## Consolidated statement of income (unaudited)

In thousands of CHF	2022	2021	Absolute	Change %
	Six months to June 30	Six months to June 30		
Net sales	267,498	248,302	19,196	7.7%
Cost of sales	(156,807)	(142,112)	(14,695)	10.3%
<b>Gross profit</b>	<b>110,691</b>	<b>106,190</b>	<b>4,501</b>	<b>4.2%</b>
Other operating income	2,380	1,764	616	34.9%
Development expenses	(31,179)	(28,643)	(2,536)	8.9%
Marketing and selling expenses	(26,730)	(23,966)	(2,764)	11.5%
General and administrative expenses	(27,453)	(20,439)	(7,014)	34.3%
<b>Operating income</b>	<b>27,709</b>	<b>34,906</b>	<b>(7,197)</b>	<b>- 20.6%</b>
Financing expenses	(6,045)	(2,503)	(3,543)	141.6%
Financing income	4,833	2,730	2,103	77.0%
<b>Income before tax</b>	<b>26,497</b>	<b>35,133</b>	<b>(8,636)</b>	<b>- 24.6%</b>
Income tax	(3,365)	(7,330)	3,965	- 54.1%
<b>Net income</b>	<b>23,133</b>	<b>27,803</b>	<b>(4,670)</b>	<b>- 16.8%</b>
Earnings per share in CHF, diluted and basic	2.98	3.58	(0.60)	
<b>Operating income</b>	<b>27,709</b>	<b>34,906</b>	<b>(7,197)</b>	<b>- 20.6%</b>
Amortization	1,705	1,839	(134)	- 7.3%
<b>EBITA</b>	<b>29,413</b>	<b>36,745</b>	<b>(7,332)</b>	<b>- 20.0%</b>
Depreciation	8,267	7,507	760	10.1%
<b>EBITDA</b>	<b>37,681</b>	<b>44,252</b>	<b>(6,571)</b>	<b>- 14.8%</b>

## Consolidated statement of comprehensive income (unaudited)

In thousands of CHF	2022	2021
	Six months to June 30	Six months to June 30
Net income	23,133	27,803
<b>Other comprehensive income</b>		
Foreign currency translation differences	521	3,271
<b>Total items that will be reclassified to the income statement on realization</b>	<b>521</b>	<b>3,271</b>
Actuarial gain on defined benefit plans	10,263	499
Income tax	(1,320)	(23)
<b>Total items that will not subsequently be reclassified to the income statement</b>	<b>8,943</b>	<b>476</b>
<b>Total other comprehensive income or (loss)</b>	<b>9,464</b>	<b>3,748</b>
<b>Total comprehensive income</b>	<b>32,597</b>	<b>31,551</b>

## Consolidated balance sheet (unaudited)

In thousands of CHF						
	June 30, 2022	%	Dec. 31, 2021	%	Change	June 30, 2021
<b>Assets</b>						
Cash and cash equivalents	87,793		115,533		(27,740)	76,352
Trade and other receivables	100,160		80,767		19,393	76,189
Other assets	2,075		1,925		150	1,883
Tax receivables	990		2,612		(1,622)	990
Inventories	119,994		99,268		20,726	97,159
Prepaid expenses	5,411		4,269		1,142	4,711
<b>Total current assets</b>	<b>316,423</b>	<b>59.6%</b>	<b>304,373</b>	<b>62.1%</b>	<b>12,050</b>	<b>257,284</b>
Property, plant and equipment	112,053		111,703		350	113,125
Right-of-use assets	45,236		18,791		26,445	21,759
Intangible assets	39,691		41,027		(1,336)	43,732
Other assets – non-current financial assets	2,565		3,122		(557)	3,021
Deferred tax assets	14,938		11,398		3,540	11,272
<b>Total non-current assets</b>	<b>214,483</b>	<b>40.4%</b>	<b>186,042</b>	<b>37.9%</b>	<b>28,441</b>	<b>192,909</b>
<b>Total assets</b>	<b>530,906</b>	<b>100.0%</b>	<b>490,415</b>	<b>100.0%</b>	<b>40,491</b>	<b>450,193</b>
<b>Liabilities and shareholders' equity</b>						
Current lease liabilities	4,798		3,949		849	4,550
Trade and other payables	54,720		36,437		18,283	34,845
Contract liabilities	36,081		35,161		920	35,955
Other financial liabilities	1,381		894		487	2,040
Tax payables	7,927		7,132		795	5,210
Accrued expenses	32,646		35,716		(3,070)	30,375
Current provisions	7,298		6,743		555	7,071
<b>Total current liabilities</b>	<b>144,851</b>	<b>27.3%</b>	<b>126,033</b>	<b>25.7%</b>	<b>18,818</b>	<b>120,046</b>
Non-current debt	59,635		59,571		64	59,521
Non-current lease liabilities	41,887		15,891		25,996	18,371
Non-current provisions	245		267		(22)	79
Employee benefit plan liabilities	2,465		12,997		(10,532)	14,214
Deferred tax liabilities	932		676		256	1,029
<b>Total non-current liabilities</b>	<b>105,164</b>	<b>19.8%</b>	<b>89,402</b>	<b>18.2%</b>	<b>15,762</b>	<b>93,214</b>
<b>Total liabilities</b>	<b>250,015</b>	<b>47.1%</b>	<b>215,435</b>	<b>43.9%</b>	<b>34,580</b>	<b>213,260</b>
Capital stock	7,774		7,770		4	7,770
Additional paid-in capital	3,013		1,918		1,095	12,036
Retained earnings	298,720		294,430		4,290	242,752
Foreign currency translation differences	(28,616)		(29,137)		521	(25,624)
<b>Total equity attributable to shareholders of Comet Holding AG</b>	<b>280,891</b>	<b>52.9%</b>	<b>274,981</b>	<b>56.1%</b>	<b>5,910</b>	<b>236,933</b>
<b>Total liabilities and shareholders' equity</b>	<b>530,906</b>	<b>100.0%</b>	<b>490,415</b>	<b>100.0%</b>	<b>40,491</b>	<b>450,193</b>

**Consolidated statement of cash flows (unaudited)**

In thousands of CHF	2022 Six months to June 30	2021 Six months to June 30	Change
Net income	23,133	27,803	(4,670)
Income tax	3,365	7,330	(3,966)
Depreciation, amortization and impairment	9,972	9,346	626
Net interest expense	647	747	(100)
Share-based payments	507	527	(20)
Gains or (losses) on disposal of property, plant and equipment	(1)	1	(2)
Other non-cash expense or (income)	370	(419)	790
Change in provisions	494	(1,578)	2,072
Change in other working capital	(23,868)	(15,014)	(8,854)
Taxes paid	(5,408)	(6,940)	1,533
<b>Net cash provided by operating activities</b>	<b>9,211</b>	<b>21,802</b>	<b>(12,591)</b>
Outflow from disposal of businesses	—	(261)	261
Outflow from acquisitions	—	(101)	101
Purchases of property, plant and equipment	(6,065)	(5,466)	(599)
Purchases of intangible assets	(852)	(781)	(70)
Disposals of property, plant and equipment	19	85	(67)
Purchases of other assets	549	(107)	656
Disposals of other assets	—	32	(32)
Interest received	147	61	86
<b>Net cash (used in) investing activities</b>	<b>(6,202)</b>	<b>(6,538)</b>	<b>336</b>
Net proceeds from issue of bond (2021 – 2026)	—	59,503	(59,503)
Repayment of bond (2016 – 2021)	—	(60,000)	60,000
Repayment of lease liabilities	(2,351)	(2,485)	134
Interest paid	(1,135)	(1,449)	313
Dividend payment to shareholders of Comet Holding AG	(27,193)	(10,098)	(17,095)
<b>Net cash (used in) financing activities</b>	<b>(30,680)</b>	<b>(14,529)</b>	<b>(16,151)</b>
Net increase or (decrease) in cash and cash equivalents	(27,671)	735	(28,406)
Foreign currency translation differences on cash and cash equivalents	(68)	936	(1,004)
Net cash and cash equivalents at January 1	115,533	74,681	40,852
<b>Net cash and cash equivalents at June 30</b>	<b>87,793</b>	<b>76,352</b>	<b>11,441</b>

## Consolidated statement of changes in equity (unaudited)

In thousands of CHF	Equity attributable to shareholders of Comet Holding AG				
	Capital stock	Additional paid-in capital	Retained earnings	Foreign currency translation differences	Total shareholders' equity
<b>December 31, 2020</b>	<b>7,768</b>	<b>11,631</b>	<b>224,452</b>	<b>(28,895)</b>	<b>214,956</b>
Net income			27,803		27,803
Other comprehensive income			476	3,271	3,748
<b>Total comprehensive income</b>			<b>28,279</b>	<b>3,271</b>	<b>31,551</b>
Dividend payment to shareholders of Comet Holding AG			(10,098)		(10,098)
Increase in capital (for stock compensation)	2	405	(408)		(2)
Share-based payments			526		526
<b>June 30, 2021</b>	<b>7,770</b>	<b>12,036</b>	<b>242,752</b>	<b>(25,624)</b>	<b>236,933</b>
<b>December 31, 2021</b>	<b>7,770</b>	<b>1,918</b>	<b>294,430</b>	<b>(29,137)</b>	<b>274,981</b>
Net income			23,133		23,133
Other comprehensive income			8,943	521	9,464
<b>Total comprehensive income</b>			<b>32,076</b>	<b>521</b>	<b>32,597</b>
Dividend payment to shareholders of Comet Holding AG			(27,193)		(27,193)
Increase in capital (for stock compensation)	4	1,095	(1,192)		(93)
Share-based payments			599		599
<b>June 30, 2022</b>	<b>7,774</b>	<b>3,013</b>	<b>298,719</b>	<b>(28,616)</b>	<b>280,891</b>

## Notes to the interim consolidated financial statements (condensed and unaudited)

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### 01 Accounting policies

The half-year report for the six months ended June 30, 2022 presents the consolidated financial statements of Comet Holding AG and its directly controlled subsidiaries ("Comet", the "Group"). The report was prepared in accordance with IAS 34, Interim Financial Reporting, which forms part of the International Financial Reporting Standards (IFRS). The half-year report does not contain all the information included in the annual accounts and should therefore be read in conjunction with the 2021 consolidated financial statements. The half-year report has not been audited by the independent auditors.

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.

#### Changes in accounting policies

The accounting principles applied in the half-year report are those described in the 2021 consolidated financial statements, except for the changes set out below.

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

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

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

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

#### New accounting rules becoming effective in subsequent periods

Comet has not early-adopted any of the issued future new standards, interpretations or amendments. The future application of these accounting rules is likely to have no, or no significant, impacts on the Group's financial position, results of operations and cash flows.

#### Basis of consolidation

The basis of consolidation (i.e., the composition of the consolidated group of companies) at June 30, 2022 is unchanged from December 31, 2021.

### Estimates

Required assumptions and estimates by management, have been made according to the best knowledge and information available at the time. Adjustments to assumptions and estimates can have a material impact on future results, as such adjustments are recognized in the reporting period during which the assumptions and estimates change. With respect to on-going uncertainties (for example, potential supply chain issues) and geopolitical tensions, Comet critically reviewed the assumptions and estimates that affect the financial position, results of operations and cash flows. In this review, no relevant changes were identified that would have a material impact on these financial statements.

### Foreign currency translation

The following exchange rates were used to translate the major currencies into Swiss francs:

Country or region			Closing rate			Average rate	
			Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2021	2022	2021
USA	USD	1	0.954	0.914	0.921	0.944	0.908
Eurozone	EUR	1	0.997	1.035	1.097	1.032	1.095
China	CNY	1	0.142	0.143	0.143	0.146	0.140
Japan	JPY	100	0.699	0.794	0.834	0.770	0.843
Denmark	DKK	1	0.134	0.139	0.147	0.139	0.147
Republic of Korea	KRW	1,000	0.735	0.768	0.817	0.767	0.812
Malaysia	MYR	1	0.217	0.219	0.222	0.221	0.222
Canada	CAD	1	0.741	0.718	0.743	0.743	0.728
Taiwan	TWD	100	3.206	3.294	3.303	3.289	3.240

## 02 Seasonality and other material influences on business

The business volume of Comet's divisions does not follow a regular seasonal pattern. Details on the business performance by division are provided in the section "Performance of the divisions" in this report.

### 02.1 COVID-19 pandemic

In the six-month period under review, Comet received no government support in connection with the COVID-19 pandemic (first half of 2021: nil).

### 02.2 Post-employment benefits

The defined benefit plans in Switzerland are managed within a collective foundation. This is a separate legal entity falling under the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pensions (the BVG) and is managed by the foundation's board of directors. The board of directors of the pension fund decided in April 2022 to further reduce the pension conversion rates with effect from the year 2024. Under IAS 19, these plan amendments led to a negative past service cost (i.e., they resulted in income) and a corresponding reduction in the defined benefit obligation with a positive pre-tax effect of CHF 0.4 million.

### 03 Segment reporting

The Group is managed on the basis of the three operating divisions described below, which are delineated based on their products and services. For financial reporting purposes the divisions are also referred to 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, 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 expenses and revenues not allocated to segments are those of Comet Holding AG, and net financial items 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 shown in the "Corporate" column.

#### 03.1 Operating segments

<b>Six months to June 30, 2022</b>						
In thousands of CHF						
	Plasma Control Technologies (PCT)	X-Ray Systems (IXS)	Industrial X-Ray Modules (IXM)	Elimination of intersegment sales	Corporate	Consolidated
<b>Net sales</b>						
External net sales	173,470	59,716	34,312	–	–	267,498
Intersegment sales	–	274	6,673	(6,947)	–	–
<b>Total net sales</b>	<b>173,470</b>	<b>59,990</b>	<b>40,985</b>	<b>(6,947)</b>	<b>–</b>	<b>267,498</b>
<b>Earnings</b>						
Segment operating income	29,328	(4,185)	3,738	(457)	–	28,424
Unallocated costs	–	–	–	–	(715)	(715)
<b>Operating income or (loss)</b>	<b>29,328</b>	<b>(4,185)</b>	<b>3,738</b>	<b>(457)</b>	<b>(715)</b>	<b>27,709</b>
Financing expenses						(6,045)
Financing income						4,833
<b>Income before tax</b>						<b>26,497</b>
Income tax						(3,365)
<b>Net income</b>						<b>23,133</b>
<b>EBITDA</b>	<b>34,289</b>	<b>(1,585)</b>	<b>6,149</b>	<b>(457)</b>	<b>(715)</b>	<b>37,681</b>
EBITDA in % of net sales	19.8%	– 2.6%	15.0%			14.1%
<b>Segment assets, June 30, 2022</b>	<b>217,687</b>	<b>121,646</b>	<b>87,738</b>	<b>–</b>	<b>103,835</b>	<b>530,906</b>
<b>Segment liabilities, June 30, 2022</b>	<b>88,675</b>	<b>76,043</b>	<b>16,368</b>	<b>–</b>	<b>68,928</b>	<b>250,015</b>

<b>Six months to June 30, 2021</b>						
In thousands of CHF						
	Plasma Control Technologies (PCT)	X-Ray Systems (IXS)	Industrial X-Ray Modules (IXM)	Elimination of intersegment sales	Corporate	Consolidated
<b>Net sales</b>						
External net sales	145,430	69,827	33,045	–	–	248,302
Intersegment sales	–	353	4,236	(4,589)	–	–
<b>Total net sales</b>	<b>145,430</b>	<b>70,180</b>	<b>37,281</b>	<b>(4,589)</b>	<b>–</b>	<b>248,302</b>
<b>Earnings</b>						
Segment operating income or (loss)	30,455	1,862	3,454	218	–	35,989
Unallocated costs	–	–	–	–	(1,083)	(1,083)
<b>Operating income or (loss)</b>	<b>30,455</b>	<b>1,862</b>	<b>3,454</b>	<b>218</b>	<b>(1,083)</b>	<b>34,906</b>
Financing expenses						(2,503)
Financing income						2,730
<b>Income before tax</b>						<b>35,133</b>
Income tax						(7,330)
<b>Net income</b>						<b>27,803</b>
<b>EBITDA</b>	<b>34,714</b>	<b>4,523</b>	<b>5,880</b>	<b>218</b>	<b>(1,083)</b>	<b>44,252</b>
EBITDA in % of net sales	23.9%	6.4%	15.8%			17.8%
<b>Segment assets, Dec. 31, 2021</b>	<b>153,907</b>	<b>116,142</b>	<b>85,470</b>	<b>–</b>	<b>134,897</b>	<b>490,415</b>
<b>Segment liabilities, Dec. 31, 2021</b>	<b>50,890</b>	<b>75,497</b>	<b>20,290</b>	<b>–</b>	<b>68,757</b>	<b>215,435</b>

## 03.2 Geographic information

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

**Net sales by region**

In thousands of CHF	2022	2021
	Six months to June 30	Six months to June 30
Europe	31,857	40,225
North America	106,157	110,438
Asia	126,770	93,583
Rest of world	2,714	4,056
<b>Total</b>	<b>267,498</b>	<b>248,302</b>

## 04 Financial instruments

The following table shows the carrying amounts and fair values of financial instruments held at the balance sheet date, by category:

In thousands of CHF	June 30, 2022			December 31, 2021		
		Carrying amount	Fair value		Carrying amount	Fair value
<b>Financial assets</b>	FVTPL <sup>1</sup>	At amortized cost		FVTPL <sup>1</sup>	At amortized cost	
Cash and cash equivalents	–	87,793	*	–	115,533	*
Trade and other receivables, net	–	74,820	*	–	67,208	*
Contract assets	–	15,191	*	–	–	*
Derivatives	235	–	235	133	–	133
Other assets – financial assets, excluding derivatives	–	3,600	*	–	3,744	*
<b>Total</b>	<b>235</b>	<b>181,404</b>		<b>133</b>	<b>186,484</b>	
Of which current assets	235	178,839		133	183,752	
Of which non-current assets	–	2,565		–	2,733	
<b>Financial liabilities</b>	FVTPL <sup>1</sup>	At amortized cost		FVTPL <sup>1</sup>	At amortized cost	
Trade and other payables	–	53,338	*	–	35,116	*
Derivatives	641	–	641	176	–	176
Liability for purchase price holdback for warranties	–	741	*	–	718	*
Lease liabilities	–	46,685	*	–	19,840	*
Non-current debt, fixed rate	–	59,635	58,260	–	59,571	62,820
<b>Total</b>	<b>641</b>	<b>160,398</b>		<b>176</b>	<b>115,244</b>	
Of which current liabilities	641	58,876		176	39,783	
Of which non-current liabilities	–	101,522		–	75,462	

<sup>1</sup> At fair value through profit or loss.

\* The carrying amount approximates fair value.

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

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

Information on the bond issued by Comet Holding AG on April 20, 2021 can be found in note 6, "Financing".

## 05 Financing income and expenses

In thousands of CHF	Six months to June 30, 2022	Six months to June 30, 2021
Net interest expenses	(647)	(747)
Net gains or (losses) from financial instruments	(1,371)	(865)
Net foreign currency translation gains or (losses)	806	1,839
<b>Net financial items</b>	<b>(1,211)</b>	<b>227</b>

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**06 Financing****06.1 Debt**

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

**06.2 Shareholders' equity****Dividend payment to shareholders of Comet Holding AG**

The Annual Shareholder Meeting on April 14, 2022 approved the payment of a dividend of CHF 3.50 per share to shareholders from retained earnings; each share has a par value of CHF 1.00. In the prior year, Comet paid a dividend of CHF 1.30 per share from retained earnings. Comet Holding AG paid this year's dividend, which totaled CHF 27.2 million, on April 22, 2022.

**Authorized capital for equity-based compensation**

In payment of retainers to the Board of Directors and of 2021 profit-sharing compensation to the members of the Executive Committee, 4,432 shares with a par value of CHF 1.00 per share were issued in the first half of 2022 from authorized capital designated for equity compensation (also referred to as "conditional capital"). At the end of the reporting period, the remaining unissued authorized capital for equity-based compensation therefore amounted to 189,154 shares or CHF 189,154.

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**07 Events after the balance sheet date**

There have been no events after the balance sheet date with a material effect on this half-year report.

Comet Technologies USA Inc., Comet AG and Yxlon International 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. Based on the current status of the lawsuit, this amount is still classified as a contingent asset. Once the Court rules on all post-trial motions, the timing of which is speculative, XP has the option to appeal the verdict.

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**08 Release of the half-year report for publication**

At its meeting on July 26, 2022, the Board of Directors approved these interim financial statements for publication.

**Disclaimer**

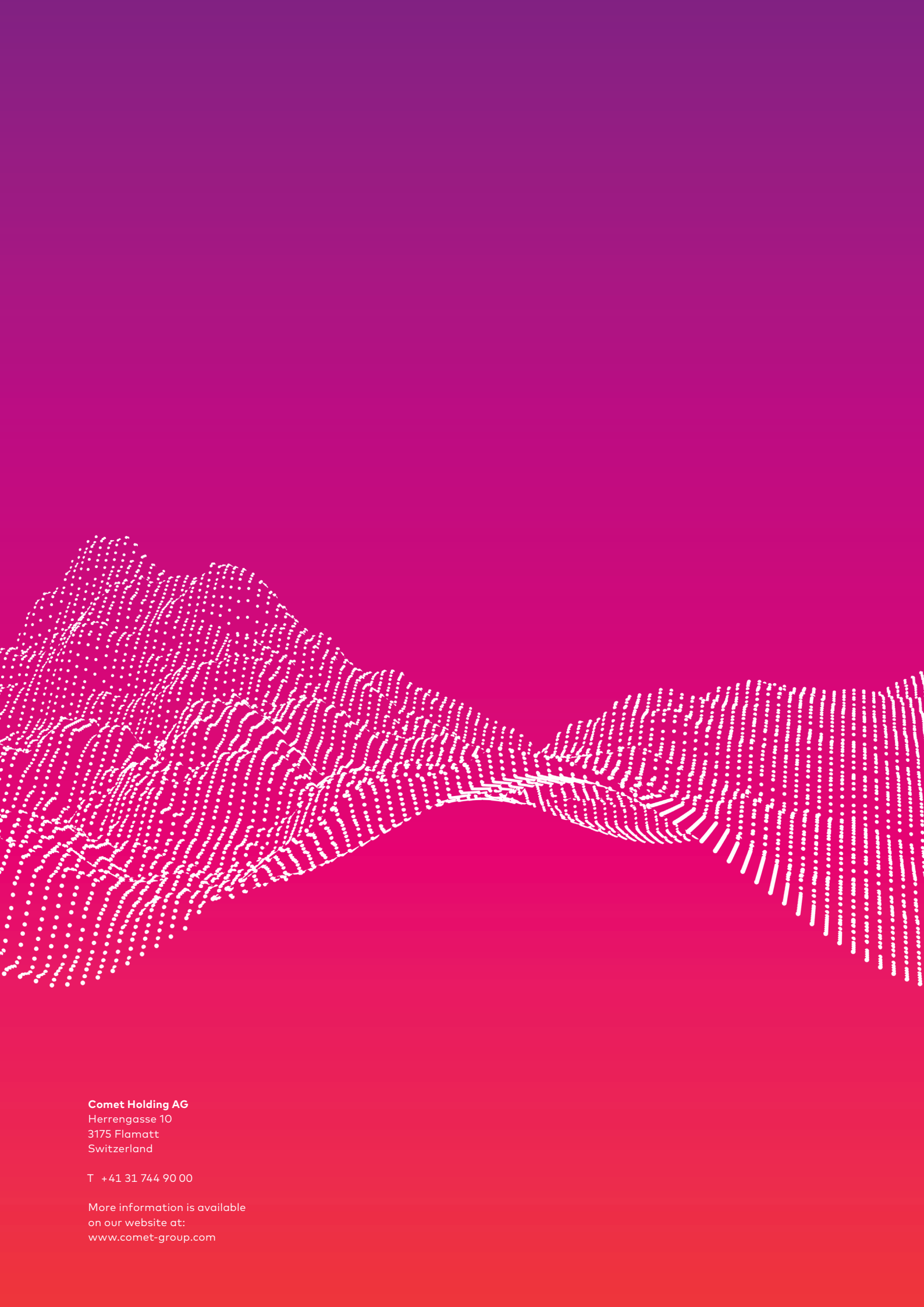
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