

Ad hoc announcement pursuant to Art. 53 LR

Flamatt, Switzerland – July 28, 2023

Comet slowed by semiconductor cycle; gradual recovery expected

First half of 2023

- Sales decreased by 22.6% to CHF 207.0 million (H1 2022: CHF 267.5 million)
- EBITDA margin of 6.9% (H1 2022: 14.1%)
- Book-to-bill of 0.8

Outlook for second half of 2023

- Bottom of semiconductor cycle reached in Q2, gradual improvement in second half of year expected
- Demand from automotive, aerospace and security industries expected to remain robust
- Full-year 2023 guidance adjusted: Net sales and EBITDA margin now expected at lower end of previous range of CHF 440 million to CHF 480 million for sales and of 13.0% to 15.0% for margin

Comet registered a 22.6% decline in net sales to CHF 207.0 million in H1 2023 (H1 2022: CHF 267.5 million) in the wake of the ongoing correction in the semiconductor industry. Cost-saving measures were introduced early on but could not fully compensate for the decline in semi-related volume sales. Accordingly, EBITDA was down 62.1% at CHF 14.3 million (H1 2022: CHF 37.7 million) and the EBITDA margin was 6.9% (H1 2022: 14.1%). Net income decreased by 91.6% to CHF 1.9 million (H1 2022: CHF 23.1 million) and free cash flow was reduced from CHF 3.0 million to a negative CHF 15.3 million.

Comet's first-half results were marked by a steep correction in the semiconductor cycle. This downturn has proved more pronounced than had been expected as recently as the beginning of the year. The massive expansion of microchip production capacity over the past three years has been met with subdued consumer demand in a generally weakening market environment, causing inventories to decrease more slowly than in previous cycles. In contrast to the semiconductor industry, no weakness in demand was evident in the other markets relevant to Comet: automotive, aerospace and security.

In response to the weaker semiconductor environment, Comet has reduced its cost base where appropriate. However, given the intact medium- and long-term outlook, Comet has avoided making overly deep cuts. Despite this the company is striving to reduce the impact of the correction as much as possible.

Despite the massive correction in semiconductors, Comet ended the first half of the year with a strong balance sheet, an equity ratio of 61.0% (year-end 2022: 59.5%) and cash and cash equivalents of CHF 78.8 million. The sound financial position allows the company to invest through the cyclical correction. In the transition year 2023, focused investments are being made in business-critical projects, which will ensure high growth in the coming years.

PCT: Correction in the semiconductor industry leaves its mark – outlook promising

Net sales in the Plasma Control Technologies (PCT) division decreased by 38.4% year-on-year to CHF 106.8 million (H1 2022: CHF 173.5 million). The volume sensitive PCT business suffered amid the ongoing correction in the semiconductor cycle. The division posted 83.4% lower operating earnings of CHF 5.7 million at EBITDA level in H1 2023 (H1 2022: CHF 34.3 million) and a respective margin of 5.3% compared to 19.8% one year earlier. This includes one-time expenses for cost reduction measures.

The PCT division was quick to respond to the sluggish order situation. The measures include, for example, the reduction of temporary staff, adjustment of working hours, and scheduled production stops in San Jose, Flamatt and Penang for a week at a time. In a further step, the introduction of short-time working for around 150 employees of the division is planned at the Flamatt site from August 14 until the end of the year. This measure, taken instead of staff reductions, will ensure the availability of employees when demand returns.

PCT's long-term growth prospects remain intact despite the 2023 transition year. The market launch of a key growth driver, the Synertia® RF power delivery platform, is progressing and is expected to generate sales in the single-digit million range for the full year. Beta testing of Synertia® was expanded to two of the leading producers of semiconductor manufacturing equipment.

PCT completed the consolidation of its sites in San Jose successfully and on schedule. This location provides an innovative working environment for employees and enables even better collaboration with customers. Plans for further expansion of the Penang, Malaysia site continue to move forward.

IXS: Sales maintained – Orders won in growth markets – Profitability improved

The IXS division performed solidly in a challenging market environment. Customers' general reluctance to make major new investments had an impact on IXS despite robust automotive and aerospace markets. Net sales reached CHF 56.8 million, a slight decrease of 5.3% year-over-year (H1 2022: CHF 60.0 million). IXS generated positive EBITDA on a lower sales base compared to the first half 2022, raising EBITDA from a negative CHF 1.6 million in H1 2022 to CHF 0.2 million. The EBITDA margin was 0.3% (H1 2022: -2.6%).

In the first half of the year, IXS received several orders for battery inspection from well-known manufacturers of electric cars, as well as orders from semiconductor producers. The realignment of the systems portfolio toward these two growth industries is gaining momentum. To further increase its competitiveness while reducing its cost base, IXS has fully integrated Object Research Systems (ORS), the subsidiary which Comet acquired in December 2020. ORS is strongly engaged to integrate more intelligent imaging and 3D visualization and analyzing software into the X-Ray Systems.

IXM: Double-digit sales growth takes IXM to an all-time high – Margin significantly improved

In the first half of 2023, the X-Ray Modules (IXM) division reaped the rewards of investments in new products. Growth was driven by several factors: demand in robust traditional non-destructive

inspection end markets like oil and gas, as well as the successful exploitation of opportunities in promising new markets such as semiconductors and batteries. Net sales increased by 24.0% to CHF 50.8 million (H1 2022: CHF 41.0 million) and EBITDA rose by 68.7% to CHF 10.4 million (H1 2022: CHF 6.1 million). At 20.4%, the EBITDA margin was significantly above the year-ago figure (H1 2022: 15.0%).

IXM is well-positioned to further expand its market shares in the fast-growing semiconductor/electronics, and battery markets and to at least maintain its share in the traditional markets. To achieve this goal, the division is continually investing in the further development of its already technologically leading x-ray tubes and modules.

Update on management succession

The search for a successor to Chief Financial Officer Elisabeth Pataki, who announced in February that she will leave the company at the end of August 2023, was promptly initiated. To ensure continuity in the finance function, the Board of Directors has appointed the current Vice President of Group Controlling & Accounting, Nicola Rotondo, as interim CFO effective September 1. As well, the new Chief Human Resources Officer, Meike Boekelmann, who was appointed in May 2023, will already begin work on October 17.

Outlook

The long-term growth prospects for Comet remain positive and intact. They are driven both by the increasing demand for microchip manufacturing capacity in the coming years, and by new applications and technologies such as AI that are giving rise to ever greater demand for increasingly complex semiconductor components. All three divisions will benefit from this.

While the current cyclical correction in the semiconductor industry is likely to have passed its low point in the second quarter, a gradual pace of improvement is expected in the second half of the year, taking into consideration the impact of numerous macroeconomic and geopolitical uncertainties. Currently, market observers expect wafer fabrication equipment spending to decline by between 14% and 20% in 2023 compared to 2022. From today's vantage point, a noticeable upturn in the semiconductor cycle is expected to begin in the first half of 2024. In contrast, the automotive, aerospace and security industries continue to provide ongoing growth opportunities in 2023, somewhat compensating for this year's correction in the semiconductor sector.

Comet remains committed to executing its focused strategy and will go on investing in its strategic initiatives, drive research and development forward as planned, bring product innovations to market, and strategically expand capacity to be ready to capitalize on the impending renewed upswing in the semiconductor market.

Based on the assumptions presented above and considering a stronger- and longer-than-expected correction in the semiconductor cycle, Comet is adjusting its financial outlook for fiscal 2023. Net sales and EBITDA margin are now expected to be at the lower end of the previous guidance range of CHF 440 million to CHF 480 million for net sales and of 13.0% to 15.0% for the margin.

Webcast / conference call for media, analysts, and investors

The detailed half-year results will be presented in an audio webcast / conference call in English on July 28, 2023, at 10:00 a.m. CEST.

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For other countries: [LINK](#)

Webcast: [LINK](#)

Capital Markets Day

The Comet Group will hold its Capital Markets Day on November 9, 2023, as an in-person event in Zurich. The invitation will be issued in due course.

Definition of alternative performance measures (APM)

Book-to-bill ratio: ratio of orders received to the amount billed for a specific period

EBITDA: Operating income (as per consolidated statement of income) before depreciation of property, plant and equipment and right-of-use assets, amortization of intangible assets, and impairment losses

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

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Corporate calendar

October 19, 2023

Q3 trading update

November 9, 2023

Capital Markets Day

Comet Group

The Comet Group is a globally leading, innovative technology company based in Switzerland with a focus on plasma control and x-ray technology. With premium high-tech components and systems, we enable our customers to both enhance the quality of their products and make their manufacturing more efficient and eco-friendlier. Our innovative solutions are in demand in the semiconductor and electronics market, the aerospace and automobile industry and in security inspection. Headquartered in Flamatt, Switzerland, the Comet Group has a presence in all world markets. We employ more than 1,700 people worldwide, including about 600 in Switzerland. Besides production facilities in China, Denmark, Germany, Malaysia, Switzerland and the United States, we maintain various other subsidiaries in Canada, China, Japan, Korea, Taiwan and the USA. Comet (COTN) is listed on the SIX Swiss Exchange.