

FY2022 Financial Results

March 2, 2023

Stephan Haferl, CEO
Lisa Pataki, CFO

Comet AG
Herrengasse 10
CH-3175 Flamatt

T +41 31 744 90 00
www.comet.tech

Cautionary statement regarding Forward Looking Statements

This document contains forward-looking statements about the Comet Group that may be subject to uncertainty and risk. Readers should therefore be aware that such statements may deviate from actual future outcomes or events. Forward-looking statements in this document are projections of possible future developments. All forward-looking statements are made on the basis of data available to Comet at the time of preparation of this document. The Comet Group assumes no obligation whatsoever to update or revise forward-looking statements in this document, whether as a result of new information, future events or otherwise.

Agenda

01 Business & Industry Review

02 Financial Results

03 Outlook 2023

2022: record year for Comet

Record financial results

in a demanding year marked by global turbulence

Significant milestones reached

- Key innovations launched
- Matchbox production transfer to Penang completed
- Site consolidation in San Jose on track for 2023 opening
- Integrated ESG targets into executive compensation in 2023

Challenges accepted

- Proactively and successfully managed supply chains
- Navigated U.S. trade restrictions, monitoring going forward
- Introduced price increases in all divisions

586.4

Net sales in CHF million
(+14.1% vs. 2021)

20.3%

EBITDA margin
(FY2021: 20.0%)

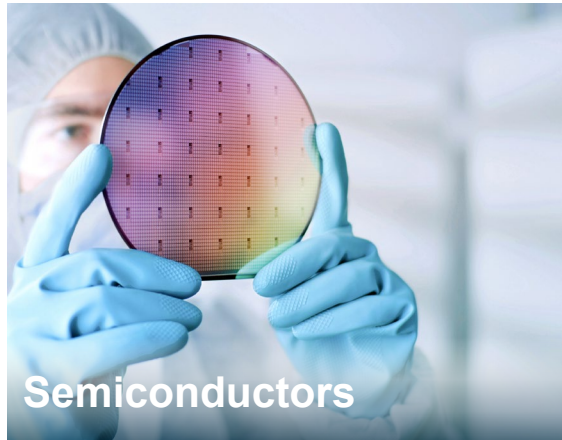
42.2

Free cash flow in CHF million
(FY2021: CHF 57.8 million)

26.3%

Return on capital employed
(FY2021: 26.4%)

Semi cycle has turned, other end markets trending up



Roaring demand in first three quarters, cycle turned in Q4

WFE spend up 8.7% in FY22⁽¹⁾

Significant WFE capex reductions announced

⁽¹⁾ estimate TechInsights/VLSI, February 2023



Tangible recovery in automotive demand

EV reached new registration record



Travel increased after pandemic restrictions were lifted

Ongoing recovery in the airline industry



Security market volume remains on a high level across the globe

Close link to upswing in airline traffic

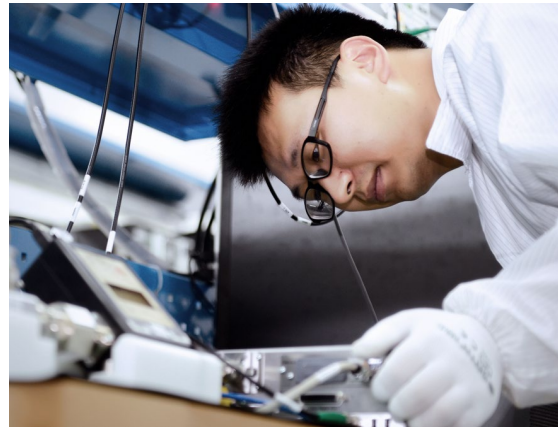
Comet Group in FY22: major milestones achieved



Expanded production profitably

Matchboxes transferred to Malaysia; planning next phase

Vacuum capacitors expansion in Switzerland



Exploited growth opportunities in the core markets

Strengthened presence in Asian growth regions

Asia accounts for half of revenues (FY21: 41%)



Strengthened portfolio for further growth

Synertia® RF power delivery platform launched

IXS/IXM: entry into battery inspection, expansion in semi and electronics inspection

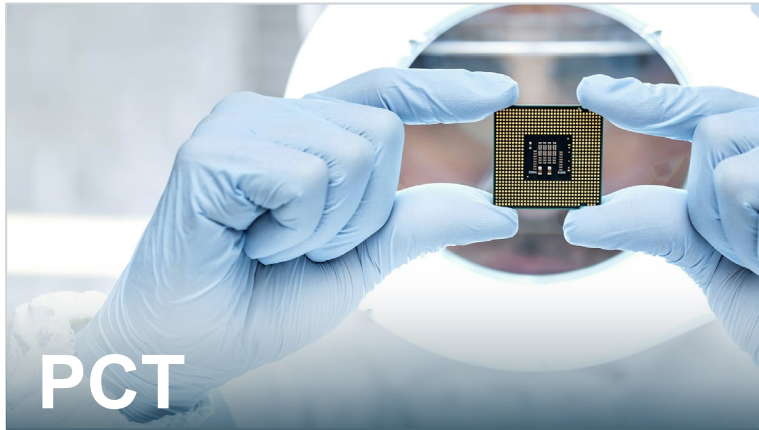


Maintained strategic focus: Boost program

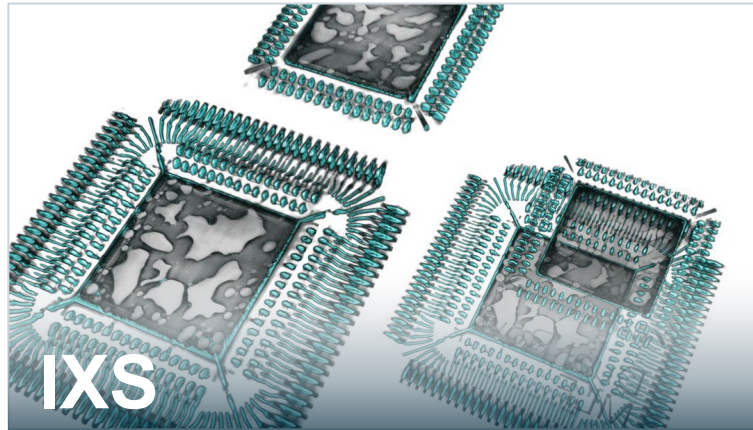
Continued progress towards a scalable organization

Promoted identity, values and employer attractiveness

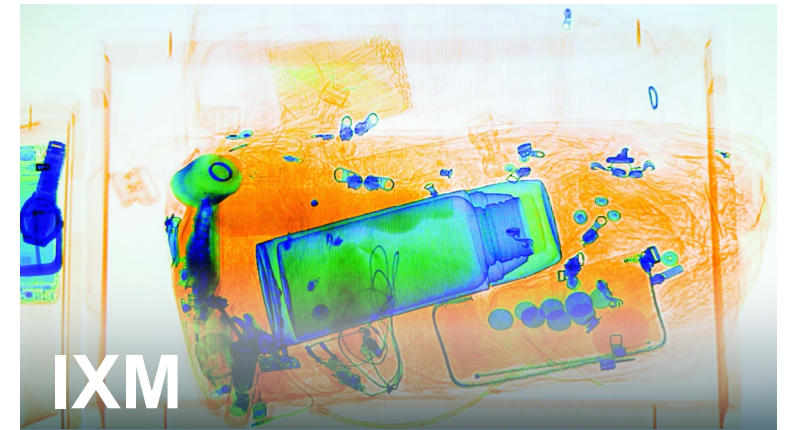
Divisions in 2022: plenty of light, a few shadows



- Market launch of Synertia®: targeting high single-digit million in revenues in FY23
- Growing market share in vacuum capacitors and matchboxes
- Order intake and order backlog weakened towards YE22 driven by slowdown in semi



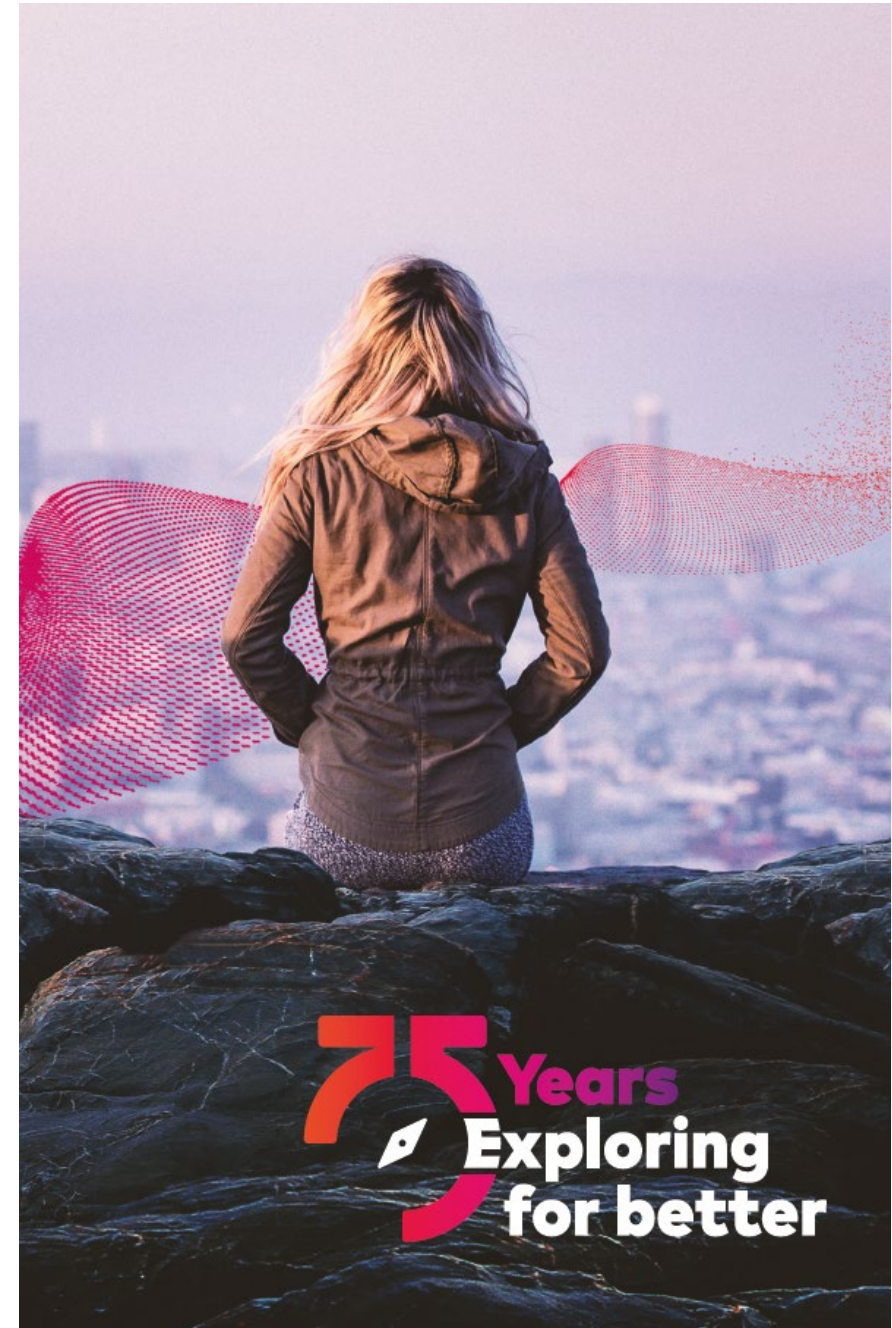
- Portfolio streamlining completed
- New hardware and software products introduced
- Improved performance in H2 after a difficult H1 (i.e., COVID related lockdowns China)



- New products driven by strong demand from both traditional NDT and new markets
- Noticeable bottlenecks in the supply chain

Summary 2022

- Very good results underscore a strategy on track
- Challenges have intensified during the year
- PCT: record year, market correction started in Q4/22
- IXS: portfolio repositioned, all eyes on profitable growth
- IXM: good performance, supply chain challenges



Agenda

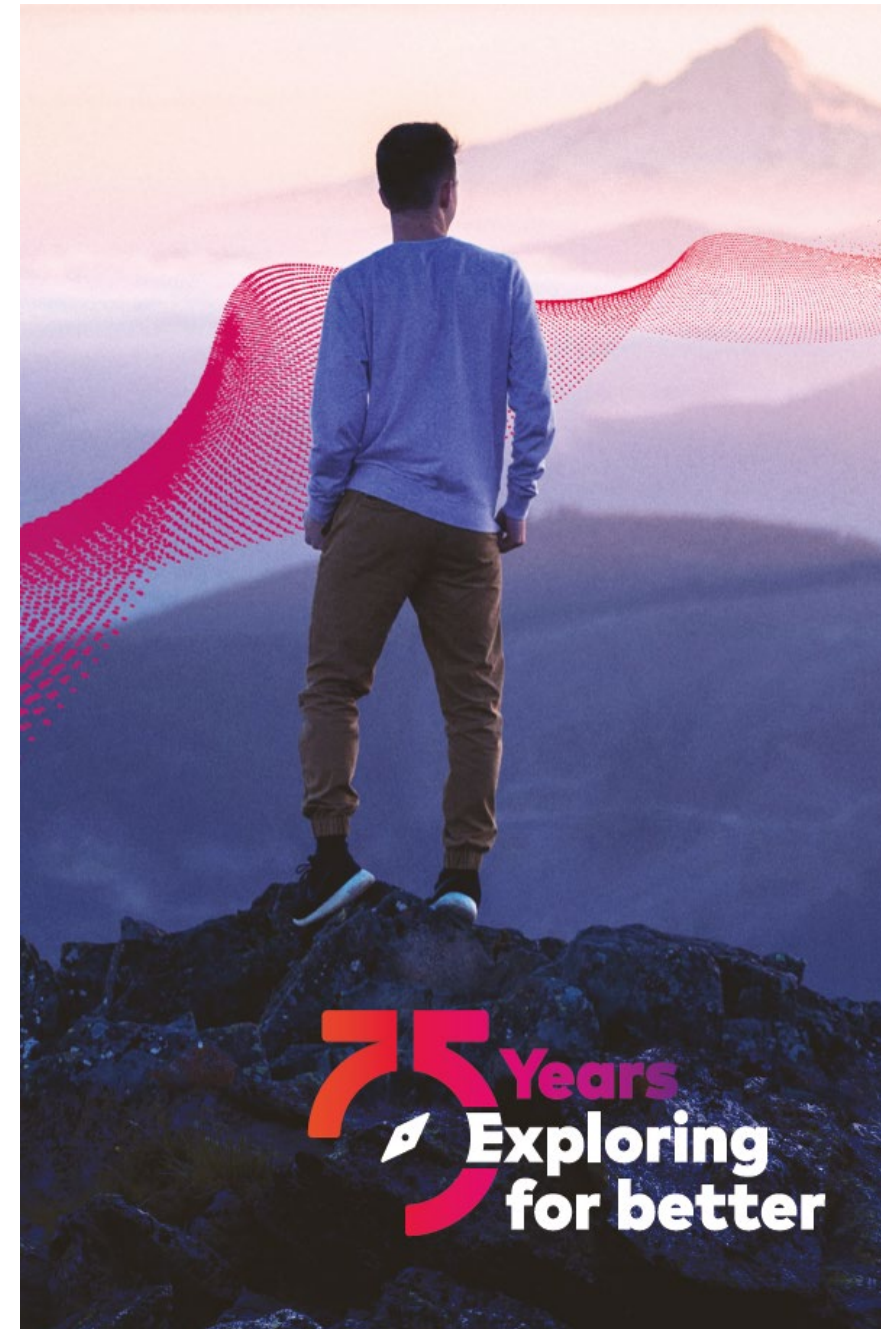
01 Business & Industry Review

02 Financial Results

03 Outlook 2023

Financial highlights

- Best sales and EBITDA in Comet's history: dividend raised to CHF 3.70/share
- Q4/22 macroeconomic and geopolitical challenges prevented an even better result
- Semi market correction curbed backlog and order income: book-to-bill of 0.92 at year-end
- Margin expansion despite supply chain constraints and inflationary pressures; underscores a more robust and flexible setup
- Litigation of U.S. trade secret case in Q1/22: one-time impact on EBITDA
- Strong cash position facilitates investments for the next upcycle



Net sales reach record levels, solid margin expansion

in CHF millions	2022	2021	Y-O-Y ⁽⁴⁾
Net sales	586.4	513.7	+14.1%
Gross margin	44.6%	43.4%	+120 bps
EBITDA ⁽¹⁾	118.9	102.7	+15.7%
EBITDA margin ⁽¹⁾	20.3%	20.0%	+30 bps
Net income	78.1	67.4	+15.8%
Free cash flow ⁽²⁾	42.2	57.8	-27.0%
Return on capital employed (ROCE) ⁽³⁾	26.3%	26.4%	-10 bps

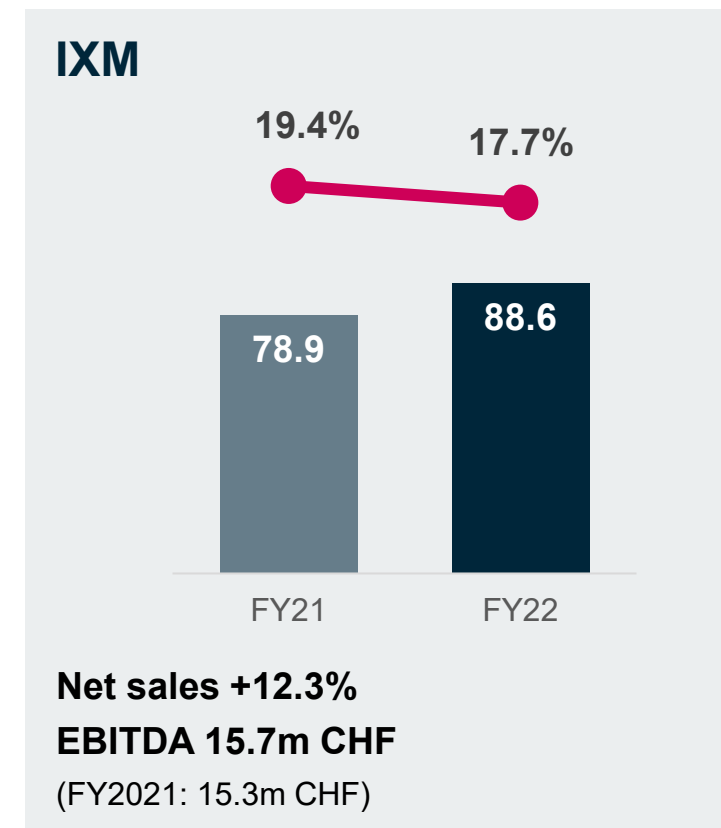
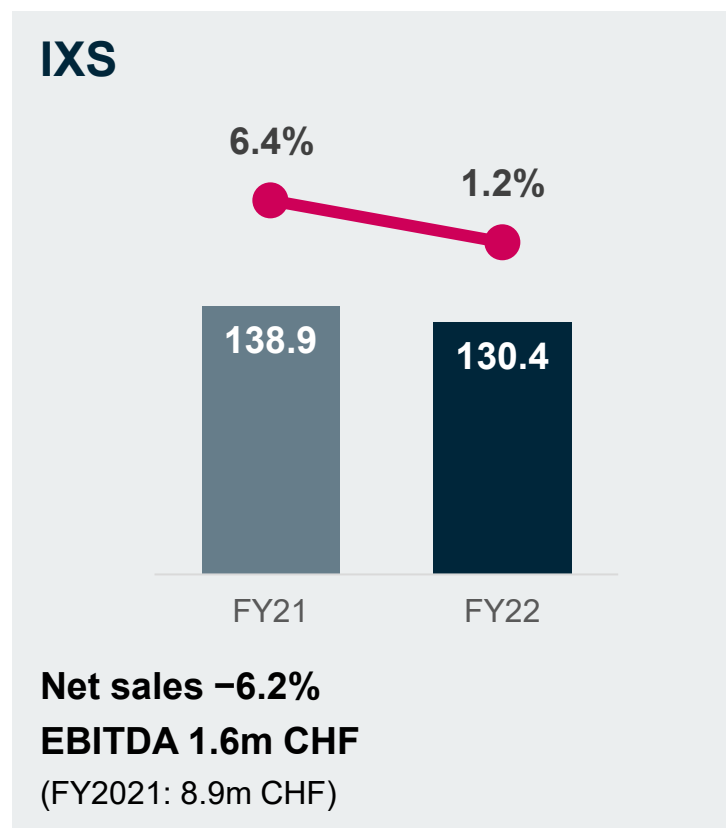
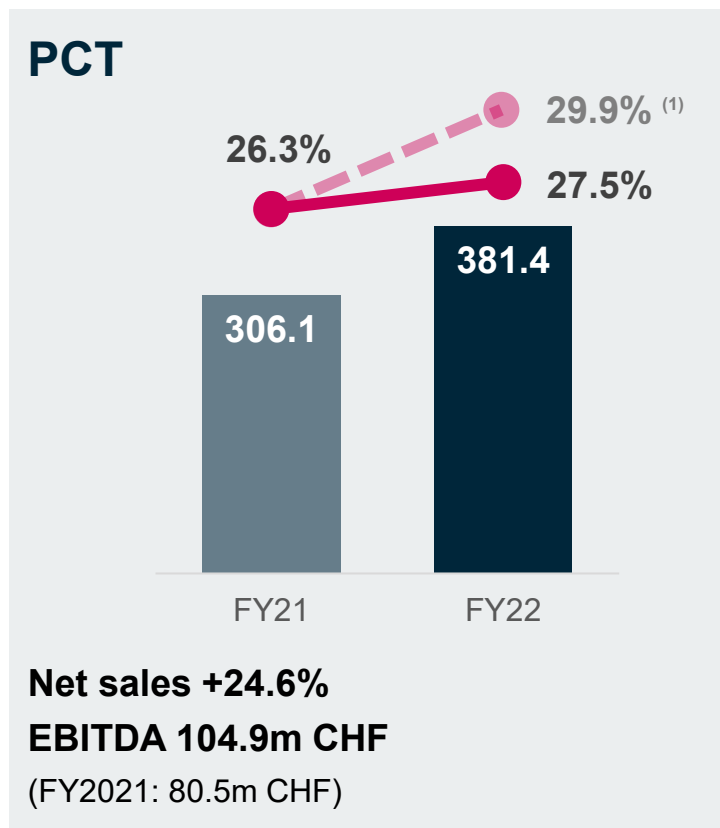
⁽¹⁾ adj. EBITDA FY22 (excl. CHF 9.0 million trial expense) = CHF 127.9 million / adj. EBITDA margin 21.8%

⁽²⁾ Free cash flow = operating cash flow – net investing activities

⁽³⁾ NOPAT/capital employed ⁽⁴⁾ rounding differences may occur

Semi-related results a triumph despite headwinds pressuring margins in x-ray

■ Net sales [in CHF million] ● EBITDA margin



⁽¹⁾ excl. CHF 9 million trial expense

Balance Sheet remains strong; Comet well positioned to capitalize on semi cycle rebound

in CHF million, otherwise indicated	2022	2021	Y-O-Y ⁽³⁾
Cash and cash equivalents	125.9	115.5	+9.0%
CapEx ⁽¹⁾	22.8	11.5	+98.4%
CapEx as % of sales	3.9%	2.2%	+160 bps
Net working capital	150.2	107.6	+39.6%
Net working capital as % of sales ⁽²⁾	21.1%	17.8%	+330 bps
Net debt	-28.1	-36.1	+8.0
Debt factor (Net debt / EBITDA)	-0.2	-0.4	+0.2

⁽¹⁾ tangible and intangible items, excl. other items included in net cash flow from investing activities

⁽²⁾ measured on a 12 months average basis ⁽³⁾ rounding differences may occur

Strong operational performance drives growth strategy and incrementally higher return to shareholders

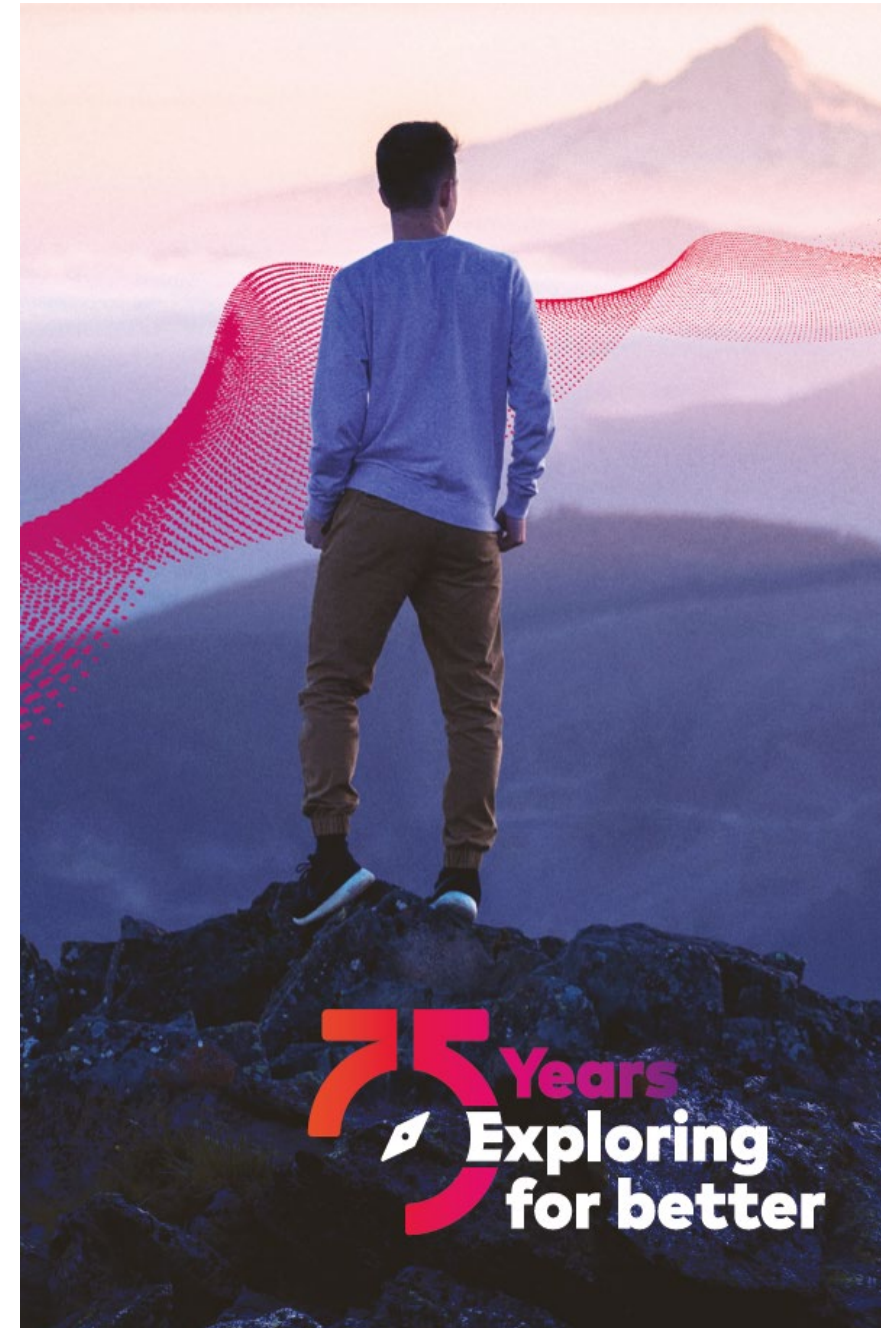
	2022	2021	Y-O-Y ⁽²⁾
Equity (in million CHF)	331.5	275.0	+20.6%
Equity ratio ⁽¹⁾	59.5%	57.0%	+250 bps
Earnings per share (in CHF)	10.05	8.68	+15.8%
Dividend per share (in CHF)	3.70	3.50	+5.7%
Pay-out ratio	36.8%	40.3%	-350 bps

⁽¹⁾ equity/total assets

⁽²⁾ rounding differences may occur

Financial summary 2022

- Group: improved margins on record sales growth
- Divisions: solid margin expansion in semi-related businesses, x-ray businesses experienced some headwinds
- Strong balance sheet enables
 - funding of mission-critical R&D,
 - financing of expansion plans beyond 2025, and
 - an increased return to shareholders
- Ready to capitalize on opportunities when semi returns to growth



Agenda

01 Business & Industry Review

02 Financial Results

03 Outlook 2023

Short-term pain in semiconductors, other markets on a steady growth path



Semi downcycle has a stronghold on FY23; timing of recovery uncertain

Estimates for WFE capex contraction in FY23 ⁽¹⁾:
-16% to -20%, WFE spend between USD 75bn to 82bn



Passenger car production expected to grow by 4% ⁽²⁾ in FY23 despite macroeconomic headwinds

EV sales expected to outpace the market



Continuation of rebound in FY23, still below pre-pandemic levels

Private aviation and defense remain robust



Need for more security solutions driving demand

Favorable trend in aviation supports growth

⁽¹⁾ average of 6 estimates Jan/Feb 2023: Gartner, Semi, TechInsights, Lam Research, KLA, Tokyo Electron

⁽²⁾ estimate IHS Markit, January 2023

Preparing for future growth while managing the semiconductor downturn

PCT	<ul style="list-style-type: none">• Adapt the organization to the current market situation• Ensure organizational readiness for the next upswing• Drive market introduction of Synertia®, expand customer base• Implement expansion in Penang, initiate next expansion step beyond 2025
IXS	<ul style="list-style-type: none">• Concentrate on quality sales to the semiconductor and electronics industry.• Intensify collaboration for the inspection of advanced packages• Harvest traditional markets with standard portfolio• Focus R&D on products and services for new markets, e.g., energy storage
IXM	<ul style="list-style-type: none">• Continue to build a strong Asian presence• Harvest on product launches and operational efficiency• Invest into leading-edge products for semi, electronics, batteries• Manage supply chain challenges to improve ability to deliver

Comet is well positioned to capitalize on the market opportunities by 2025 and beyond.

2023: a transitional year on the way to new heights

Macroeconomic factors determining Comet's trajectory in 2023 remain difficult to assess

Decline in wafer fabrication equipment spending in FY23

- Proactively address cost structure, mainly in PCT
- Take measures to achieve efficiency gains
- Mitigate rising input costs (energy, logistics)

Prepare for next upcycle in semiconductors

- Selectively invest in mission-critical R&D
- Ensure production readiness beyond 2025: further invest in Malaysia
- Selectively strengthen management team

Stringent execution of the Boost program

Growth, efficiency, culture

Guidance FY23

- No reasonable and reliable forecast possible at this point
- Q1/23 significantly below previous year
- Substantially higher margins compared to the last downcycle
- More color on the outlook provided with Q1/23 trading update in April

Appendix

Consolidated statement of income

in thousands of CHF	FY 2022	FY 2021	Y-O-Y
Net sales	586,395	513,721	+14.1%
Gross profit	261,633	222,800	+17.4%
• Other operating income	4,899	3,682	+33.1%
• Development expenses	(63,766)	(55,344)	+15.2%
• Marketing and Selling expenses	(54,687)	(47,637)	+14.8%
• G&A expenses	(49,105)	(39,416)	+24.6%
Operating income	98,975	84,085	+17.7%
• Financial result	(3,607)	(1,877)	+92.2%
Income before tax	95,368	82,208	+16.0%
• Income tax	(17,259)	(14,771)	+16.8%
Net income	78,109	67,437	+15.8%
• Earnings per share (CHF)	10.05	8.68	+15.8%
Operating income	98,975	84,085	+17.7%
• Depreciation & Amortization	19,939	18,663	+6.8%
EBITDA	118,913	102,749	+15.7%

Consolidated statement of cash flows

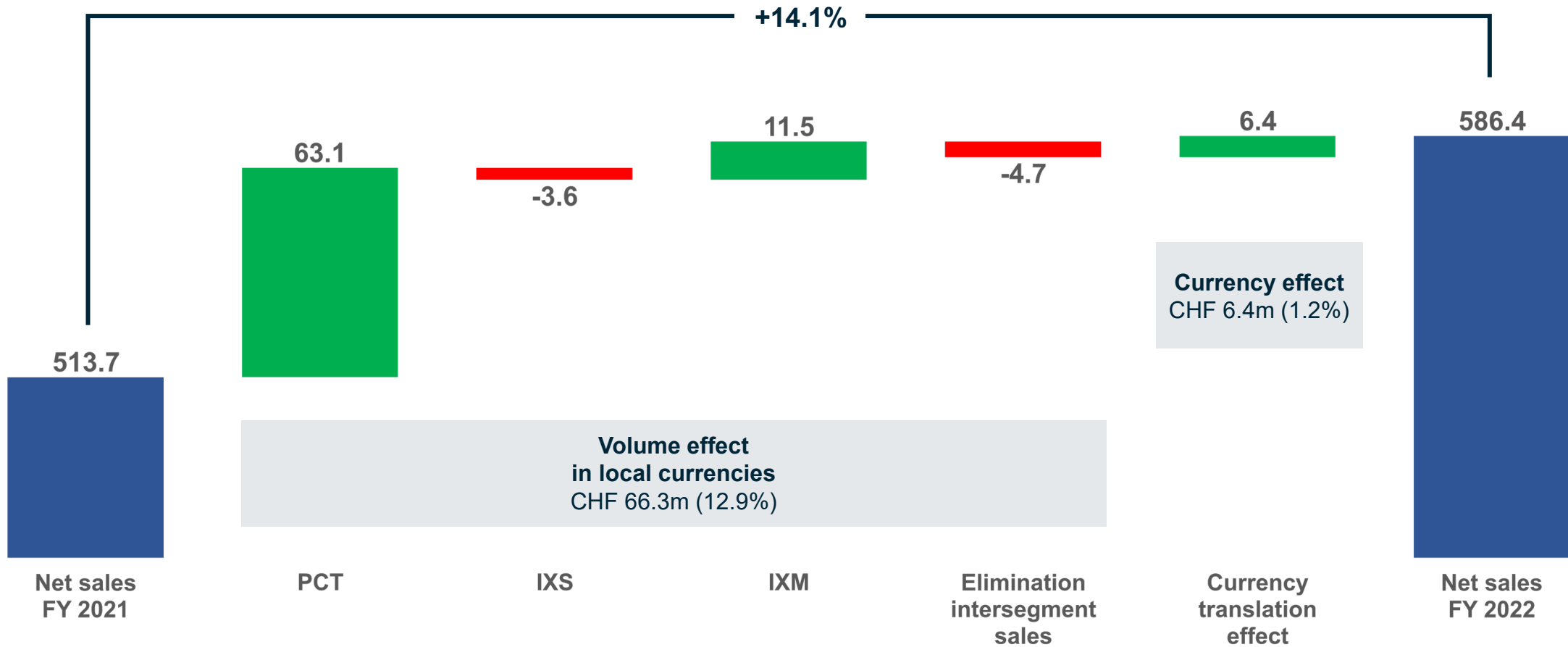
in thousands of CHF	2022	2021	Y-O-Y
Net cash provided by operating activities	64,407	70,489	-8.6%
In % of net sales	11.0%	13.7%	-270 bps
Net cash (used in) investing activities	(22,234)	(12,722)	+74.8%
Free cash flow	42,173	57,767	-27.0%
In % of net sales	7.2%	11.2%	-410 bps
Net cash (used in) financing activities	(29,619)	(17,219)	+72.0%
Net increase in cash and cash equivalents	12,554	40,548	-69.1%
FX translation differences on cash and cash equivalents	(2,142)	304	-
Cash and cash equivalents at Jan 1	115,533	74,681	+54.7%
Cash and cash equivalents at Dec 31	125,945	115,533	+9.0%

Consolidated balance sheet

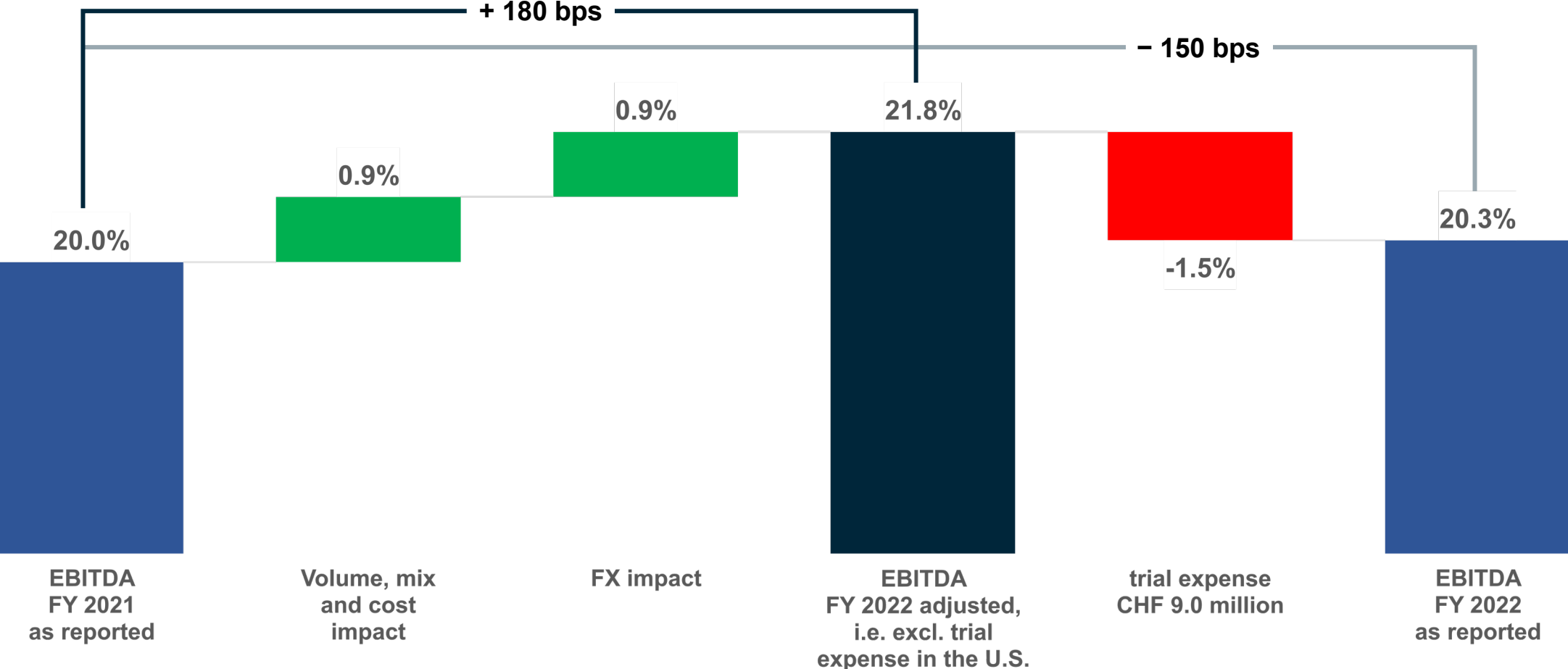
in thousands of CHF	2022	in %	2021	in %
Current assets	344,761	61.9	296,299	61.4
Non-current assets	212,039	38.1	186,042	38.6
Total assets	556,801	100.0	482,341	100.0
Current liabilities	128,002	23.0	117,957	24.5
Non-current liabilities	97,267	17.5	89,402	18.5
Total liabilities	225,269	40.5	207,359	43.0
Total equity attributable to shareholders of Comet	331,532	59.5	274,981	57.0
Total liabilities and shareholders' equity	556,801	100.0	482,341	100.0

Net sales walk FY 2021 to FY 2022

in CHF million



EBITDA margin walk FY 2021 to FY 2022



c•met
group