

Invitation to the Annual Shareholder Meeting on April 25, 2019

Contents

- 3 Invitation to the Annual Shareholder Meeting
- 4 Report on the fiscal year
- 8 Comet Group consolidated financial statements
- 12 Agenda
- 18 Map
- 19 Directions

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Invitation to the Annual Shareholder Meeting



Dear Shareholder,

The Board of Directors of Comet Holding AG is pleased to invite you to the 70th Annual Shareholder Meeting.

Date: **Thursday, April 25, 2019 at 10:00 a.m.**

Location: Stade de Suisse Business Center, Bern-Wankdorf, Switzerland

Hall: Champions Lounge, Papiermühlestrasse entrance

The complete annual report, including the compensation report and auditor's reports, is available online at www.comet-group.com. You can also order a short version of the report to be delivered to you. The key financial results for fiscal year 2018 are shown from page 8 of this invitation.

Beginning on page 12 you will find the agenda of the Annual Shareholder Meeting and the proposals of the Board of Directors to shareholders. The shareholder VERAISON SICAV (with a 10% equity interest) has submitted various proposals of its own for the elections to the Board of Directors and for amendments to the Company's Bylaws. These proposals are included under the relevant agenda items. The Board has added a brief opinion on each of these proposals. The Board of Directors takes up nominations from shareholders for election to the Board, reviews them carefully and, using a formal professional process, compares them against other qualified candidates with the de-

sired competencies, and finally proposes to all shareholders the individuals whom it has identified as the most suitable candidates. In order to provide shareholders with the greatest possible transparency, the Board describes this nomination process and the competencies and experience present within the Board of Directors, on the website at www.comet-group.com/investors/ga.

You can use the enclosed registration form to register for the Shareholder Meeting, authorize a proxy and/or order the printed short report. The report will be sent to you once your order is received by Devigus Engineering AG, the company assisting us with the Shareholder Meeting. After registering, you will receive your admission card and voting card in time before the Shareholder Meeting. For organizational reasons, we ask that you register by April 15, 2019.

For the Shareholder Meeting you have the convenient option of voting online. To do so, please go to www.gvmanager.ch/comet. You will find your personal single-use code for proxy authorization in the top section of the registration form. Online voting is available from March 26, 2019 at 6:00 a.m. CET to April 18, 2019 at 12:00 noon CEST.

Shareholders are entitled to vote if their name is on record in the share register of Comet Holding AG as of ten days before the Shareholder Meeting, that is, as of April 15, 2019.

For the Board of Directors

The Chairperson:

Hans Hess

Comet demonstrates resilience

In a demanding environment, the Comet Group in 2018 was able to virtually hold the record-high sales result of the prior year. Net income was CHF 12.3 million, or CHF 24.3 million excluding one-time effects. The management swiftly took important measures for earnings improvement that will make themselves felt in 2019. The Comet Group closed 2018 with a strong balance sheet and low net debt.

With sales of CHF 436.4 million in 2018, the Comet Group, despite a strong contraction in the semiconductor market, nearly matched the record 2017 level of CHF 443.4 million.

At the first signs of a cycle shift in the middle of 2018, the Group took corrective measures in individual businesses to improve earnings performance, completing these initiatives by the end of 2018. It adjusted production capacity in line with the semiconductor market downturn, divested the ebeam systems manufacturer in Davenport, Iowa, USA, and executed a sweeping earnings improvement program in the x-ray systems business whose effects, as already announced, will unfold in 2019. At the same time, the Group continued to invest in future revenue drivers to ensure sustained business development. Excluding the one-off costs of CHF 10.5 million associated with the corrective measures, the

Comet Group realized EBITDA operating earnings of CHF 48.3 million and an EBITDA margin of 11.1%. Net income excluding one-time effects was CHF 24.3 million (2017: CHF 35.3 million).

The consolidated equity ratio increased from 51.7% to 54.4%. Despite high investment in the facility expansion in Flamatt, the management was able to keep the leverage ratio (net debt to EBITDA) at a low level of 0.7 (2017: 0.1). The Comet Group thus remains on a very sound financial footing.

Solid sales performance in a difficult environment

The weakness in the market for memory chips and the decisions by some manufacturers to postpone investments in equipping fabrication plants led to a slump in the market for semiconductor equipment from the second half of the year. Despite this sharp downswing, the Plasma Control Technologies (PCT) division – which is one of the world's leading vendors of RF power products and achieved record growth in the first half of 2018 – closed the year with sales of CHF 212.2 million, in line with the prior year (2017: CHF 213.0 million). In the X-Ray Systems (IXS) division, after a subdued first six months, successes began to be seen with new products, especially in the electronics market. Declines in individual markets resulted in an overall sales figure of CHF 135.7 million (2017: CHF 139.8 million). The X-Ray Modules (IXM) division, led since January 2018 by Stephan Haferl, continued to expand its position in the core market of non-destructive testing and posted

“Despite the slump in the world market for semiconductors and declining trends in submarkets, the Comet Group delivered more-than-respectable results for the year.”

Hans Hess, Chairman of the Board

sales of CHF 81.2 million (2017: CHF 78.8 million). The fiscal year for the ebeam Technologies (EBT) division was marked by its realignment and the divestiture of the manufacturer of customized large systems in the USA. Sales decreased by 32.2% to CHF 20.0 million (2017: CHF 29.5 million).

One-time effects weigh on EBITDA and net income

The measures launched and systematically implemented to improve earnings in individual areas, as well as ongoing investments in major projects of strategic significance for the future, are reflected in the divisions' results. Thus, PCT swiftly adjusted production capacity in line with the semiconductor market downturn, while continuing to develop the RF power generator, which will open up a new and highly attractive market. In combination with shifts in the product mix, this resulted in an EBITDA operating



Hans Hess, Chairman of the Board, and René Lenggenhager, Chief Executive Officer, Comet Group

earnings figure of CHF 41.8 million (2017: CHF 55.7 million).

In the IXS and EBT divisions, after weak results in the first half of the year, Comet carried out a sweeping earnings improvement program under new divisional management. As previously announced, these changes will make themselves felt in 2019. At IXS, high investments in product portfolio development and one-off costs for the profitability improvement program resulted in a 2018 EBITDA operating loss of CHF 1.5 million (2017: profit of CHF 8.2 million). In the EBT division the one-time expenses for divesting the systems manufacturer in the USA led to a loss of CHF 20.2 million

at EBITDA level (2017: loss of CHF 16.2 million). Of this total, CHF 14.5 million was due to the now divested ebeam systems activities.

Thanks to its realignment to focus on the attractive module business, EBT will be able to reduce its cost base substantially overall in 2019. IXM performed well. Even with one-off costs for the facility expansion in Flamatt, the division improved its EBITDA operating earnings by 11.6% to CHF 20.0 million. Excluding the total one-time effects of CHF 12.0 million, the Comet Group's net income was CHF 24.3 million (2017: CHF 35.3 million). The return on capital employed (ROCE) before one-off costs was 11.1%.

Strong technology platform with attractive growth drivers

The Comet Group, a global technology leader based in Switzerland, has a strong technology platform focused on x-ray, radio frequency (RF) power and ebeam. Based on the shared core competencies of high vacuum, high voltage, materials science, and application and data-processing expertise, the Comet Group provides customers with innovative solutions for faster, more efficient processes and safer products in a wide range of applications and geographic markets. In line with its Strategy 2020, the Group intends to grow by building on its existing core competencies and technologies

“The Comet Group is in a sound financial position and, after taking earnings improvement measures in 2018, enters fiscal year 2019 on a strengthened footing.”

René Lenggenhager, CEO, Comet Group

and on the pooling of its strengths to leverage new applications while intensifying the collaboration with key accounts. As a diversified group, Comet is able to balance out fluctuations in individual markets and harness strong growth drivers such as the progressive digitalization fueled by the advance of artificial intelligence, the Internet of Things and data analytics, doing so across technologies. The ability of the modules and systems on offer to function as sensors and data generators provides the Group's divisions with the unique opportunity to jointly optimize customers' production processes and thus exploit growth potential and create added value.

Following the corrective actions taken in 2018, the Group enters 2019 in a stronger position thanks to a strong balance sheet and low net debt, and continues to execute its strategy of scaling innovative solutions into new applications.

Strengthened management team

Under CEO René Lenggenhager, the Comet Group not only laid the groundwork for improved profitability in the EBT and IXS segments. It also strengthened the management team in 2018 at the Executive Committee level by filling vacant positions: In January 2018, Stephan Haferl became President of the X-Ray Modules division and Prisca Hafner assumed the role of the Group's Chief Human Resources Officer, and in November 2018, Thomas Wenzel took over as President of the X-Ray Systems division from interim manager Matthias Barz. As well, the responsibility for business-specific tasks in the operations sphere was delegated to the divisions and the role of Chief Operations Officer was thus eliminated. This new structure creates direct, faster decision paths and enables more agile action attuned to customer needs.

Outlook for 2019

The Comet Group is in a sound position and, after implementing earnings improvement measures in 2018, enters fiscal year 2019 with a strong balance sheet and low net debt. As well, results in 2019 will benefit from the absence of last year's non-recurring expenses of about CHF 10.5 million. The long-term underlying drivers of business remain intact.

Currently the visibility in the semiconductor market – especially regarding the demand trend for 3D NAND memory chips, a major market for the Comet Group – continues to be very limited for all market participants and at present does not allow a Group-level forecast to be issued for 2019. For the Plasma

Control Technologies division, amid the continuing weak demand for 3D NAND chips coupled with high inventories, the Comet Group expects sales in the first six months of 2019 to be about 10–20% lower than in the second half of 2018; a prediction for the second half of 2019 cannot yet be made. Helped by strong new orders for new products such as the FF 20 CT and FF 35 CT, the X-Ray Systems division anticipates a slight year-over-year increase in sales for the full year 2019 and an EBITDA margin of approximately 6%. In the X-Ray Modules division, the Group expects slight sales growth for 2019 in line with that of 2018. As a result of existing contracts with key accounts and further investment in new applications, the ebeam Technologies division is projected to post 2019 sales of about CHF 15 million with an EBITDA loss of not more than CHF 5 million.

Dividend proposal of CHF 1.20 per share

At the Annual Shareholder Meeting on April 25, 2019, the Board of Directors will propose a dividend of CHF 1.20 per share (2018: CHF 1.50). Of this total, CHF 1.00 per share is to be paid from the remaining distributable paid-in capital, exempt from Swiss anticipatory tax, and CHF 0.20 per share is to be distributed as a regular dividend. Based on the underlying net income of CHF 24.3 million, the total proposed dividend represents a payout ratio of 38% (2018: 33%).

Charting of future direction is underway

As the current strategy period to 2020 is approaching its end, the

Sales

2018
CHF million

436.4

(Prior year: CHF 443.4 million)

Net income excluding
one-time effects2018
CHF million

24.3

(Prior year: CHF 35.3 million)

Return on capital employed
(ROCE)

2018

11.1%

(Prior year: 16.2%)

Board of Directors instructed management in 2018 to further develop the strategy with a view to the next period. In 2019 the Board will carefully consider the resulting proposals. Key themes will include the development of further geographic markets, applications and products; a strongly customer-focused marketing; enhancing speed and agility in management and processes; and, crucially, the digitalization of products, processes and services, and building-up of the data analytics expertise in the Group.

Nominations for election to the Board of Directors

After 14 years as a Board member and 12 years as Chairman of Comet Holding AG, Hans Hess will not be standing for re-election, as already announced in February 2018. During his tenure, he has played a key role in directing the company's impressive development and growth and been instrumental in strong value generation. The Board of Directors thanks Hans Hess for his large contribution. Following a comprehensive search process for the succession, the Board of Directors is proposing Chris-

toph Kutter, Director of the Fraunhofer Institute for Microsystems and Solid State Technologies (EMFT), Munich, to shareholders as non-executive and independent Chairman of the Board. The Board of Directors is very confident that Christoph Kutter, with his 17 years of international strategic and operational experience in the semiconductor industry, his wide-ranging understanding of technology and his expertise in components, systems and software, is exceedingly well qualified to lead the Comet Group into the future as its Chairman and add value to the company.

Having served on the Board for twelve years, Lucas Grolimund, chairman of the Audit Committee, is also not standing for re-election. As the successor to Lucas Grolimund, the Board is proposing that shareholders elect Patrick Jany, Chief Financial Officer of Clariant, as an independent member of the Board of Directors. If elected he will assume the chairmanship of the Audit Committee from Lucas Grolimund.

Thank you

The Board and management would like to thank the Group's partners and customers for the close collaboration, trust and confidence with which we have been privileged. A special thank you goes to all our employees, who with their strong commitment successfully mastered the year's challenges, and to our shareholders for their confidence in our company.



Hans Hess
Chairman of the Board



René Lenggenhager
Chief Executive Officer

Comet Group consolidated financial statements

Consolidated balance sheet

In thousands of CHF	Note	Dec. 31, 2018	%	Dec. 31, 2017 restated ¹	%	Jan. 1, 2017 restated ¹
Assets						
Cash and cash equivalents		43,007		60,420		74,832
Trade and other receivables	5	63,943		64,574		47,872
Other financial assets	6	26		277		152
Tax receivables		2,893		2,660		–
Inventories	7	91,090		102,825		92,372
Prepaid expenses	8	5,109		4,555		3,784
Total current assets		206,068	56.0%	235,311	60.4%	219,012
Property, plant and equipment	9	113,591		95,056		66,902
Intangible assets	10	40,827		51,647		49,703
Financial assets	6	209		239		234
Deferred tax assets	12	7,063		7,536		8,320
Total non-current assets		161,691	44.0%	154,478	39.6%	125,159
Total assets		367,759	100.0%	389,789	100.0%	344,171
Liabilities and shareholders' equity						
Current debt	13	5,000		2,132		2,666
Trade and other payables	14	34,919		42,545		30,516
Contract liabilities	3	19,992		29,171		33,063
Other financial liabilities	6	379		2		184
Tax payables		870		3,131		5,408
Accrued expenses	15	20,316		25,758		18,048
Current provisions	16	12,080		10,140		7,842
Total current liabilities		93,555	25.4%	112,879	29.0%	97,727
Non-current debt	13	62,812		65,733		67,760
Non-current provisions	16	47		54		57
Employee benefit plan liabilities	17	11,307		8,438		5,546
Deferred tax liabilities	12	–		1,137		1,142
Total non-current liabilities		74,166	20.2%	75,362	19.3%	74,505
Total liabilities		167,721	45.6%	188,241	48.3%	172,232
Capital stock	28	7,760		7,754		7,745
Additional paid-in capital		18,496		29,303		37,576
Retained earnings		197,758		186,748		151,556
Foreign currency translation differences		(23,976)		(22,257)		(24,938)
Total equity attributable to shareholders of Comet Holding AG		200,038	54.4%	201,548	51.7%	171,939
Total liabilities and shareholders' equity		367,759	100.0%	389,789	100.0%	344,171

¹ Restated for IFRS 15 (see note 2.1).

Consolidated statement of income

In thousands of CHF	Note	2018	%	2017 restated ¹	%
Net sales	3/4	436,356		443,370	
Cost of sales		(265,914)		(262,495)	
Gross profit		170,442	39.1%	180,875	40.8%
Other operating income	18	4,201	1.0%	4,093	0.9%
Development expenses	20	(53,882)	-12.3%	(47,102)	-10.6%
Marketing and selling expenses		(63,251)	-14.5%	(57,006)	-12.9%
General and administrative expenses		(32,953)	-7.6%	(30,123)	-6.8%
Loss on disposal of businesses	21	(6,595)	-1.5%	-	0.0%
Operating income		17,962	4.1%	50,737	11.4%
Financing expenses	23	(9,387)	-2.2%	(6,971)	-1.6%
Financing income	23	6,562	1.5%	6,086	1.4%
Income before tax		15,137	3.5%	49,852	11.2%
Income tax	12	(2,858)	-0.7%	(14,516)	-3.3%
Net income		12,279	2.8%	35,336	8.0%
Earnings per share in CHF, diluted and basic	24	1.58		4.56	
Operating income		17,962	4.1%	50,737	11.4%
Amortization	11/22	10,655	2.4%	4,392	1.0%
EBITA		28,617	6.6%	55,129	12.4%
Depreciation	11/22	9,176	2.1%	8,074	1.8%
EBITDA		37,793	8.7%	63,203	14.3%

¹ Restated for IFRS 15 (see note 2.1).

Consolidated statement of comprehensive income

In thousands of CHF	Note	2018	2017 restated ¹
Net income		12,279	35,336
Other comprehensive income			
Foreign currency translation differences		(1,719)	2,679
Total items that will be reclassified to the income statement on realization		(1,719)	2,679
Actuarial losses on defined benefit plans	17	(913)	(17)
Income tax	12	132	(2)
Total items that will not subsequently be reclassified to the income statement		(781)	(19)
Total other comprehensive income		(2,500)	2,660
Total comprehensive income		9,779	37,996

¹ Restated for IFRS 15 (see note 2.1).

Consolidated statement of cash flows

In thousands of CHF	Note	2018	2017 restated ¹
Net income		12,279	35,336
Income tax	12	2,858	14,516
Depreciation, amortization and impairment	9/10/11	19,831	12,465
Net interest expense	23	860	1,310
Share-based payments	29	340	916
Losses on disposal of property, plant and equipment		172	59
Losses on disposal of intangible assets		10	–
Loss on disposal of businesses	21	6,595	–
Other non-cash expense/(income)		3,125	2,537
Change in provisions	16	2,262	2,211
Change in other working capital		(20,025)	(12,188)
Interest received		30	14
Taxes paid		(5,845)	(18,823)
Net cash provided by operating activities		22,493	38,353
Outflow from disposal of businesses		(293)	–
Purchases of property, plant and equipment	9	(26,020)	(37,554)
Purchases of intangible assets	10	(1,933)	(3,953)
Disposals of property, plant and equipment	9	242	1,285
Disposals of intangible assets	10	1,039	–
Disposals of other financial assets		35	–
Net cash used in investing activities		(26,930)	(40,221)
Repayment of borrowings	13	(136)	(2,656)
Interest paid		(806)	(1,247)
Distribution to shareholders of Comet Holding AG		(11,630)	(9,295)
Net cash used in financing activities		(12,572)	(13,197)
Net (decrease) in cash and cash equivalents		(17,008)	(15,065)
Foreign currency translation differences on cash and cash equivalents		(404)	652
Cash and cash equivalents at January 1		60,420	74,832
Net cash and cash equivalents at December 31		43,007	60,420

¹ Restated for IFRS 15 (see note 2.1).

Consolidated statement of changes in equity

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
December 31, 2016	7,745	37,576	156,033	(25,009)	176,345
Restatement ¹			(4,477)	71	(4,406)
January 1, 2017 restated¹	7,745	37,576	151,556	(24,938)	171,939
Net income ¹			35,336		35,336
Other comprehensive income ¹			(19)	2,679	2,660
Total comprehensive income¹			35,317	2,679	37,996
Distribution to shareholders of Comet Holding AG		(9,295)			(9,295)
Increase in capital (for stock compensation)	8	1,022	(1,005)		26
Share-based payments			880		880
December 31, 2017 restated¹	7,754	29,303	186,748	(22,257)	201,548
Net income			12,279		12,279
Other comprehensive income			(781)	(1,719)	(2,500)
Total comprehensive income			11,498	(1,719)	9,779
Distribution to shareholders of Comet Holding AG		(11,630)			(11,630)
Increase in capital (for stock compensation)	6	823	(909)		(80)
Share-based payments			421		421
December 31, 2018	7,760	18,496	197,758	(23,976)	200,038

¹ Restated for IFRS 15 (see note 2.1).

Agenda

- 01 2018 management report, separate financial statements and consolidated financial statements of Comet Holding AG and report of the statutory auditor**

The Board of Directors proposes the approval of the management report, separate financial statements, and consolidated financial statements for fiscal year 2018.

- 02 Appropriation of 2018 retained earnings of Comet Holding AG and proposal for payment of a dividend**

- 02.1 Appropriation of 2018 retained earnings**

The Board of Directors proposes the following appropriation of retained earnings:

In thousands of CHF	2018
Earnings brought forward	89 323
Transfer from distributable paid-in capital reserve	–
Net income for the year	17 156
Retained earnings available for distribution	106 479
Earnings carried forward	106 479

- 02.2 Proposal for distribution from distributable paid-in capital**

The Board of Directors proposes that the Shareholder Meeting approve a distribution to shareholders of CHF 1.00 per share from distributable paid-in capital.

In thousands of CHF	2018
Distributable paid-in capital reserve at December 31, 2018	8 434
Distribution of CHF 1.00 per share (prior year: CHF 1.50)	–7 760
Distributable paid-in capital reserve after proposed payout	674

- 02.3 Proposal for distribution from retained earnings**

The Board of Directors proposes that the Shareholder Meeting approve a distribution to shareholders of CHF 0.20 per share from retained earnings.

In thousands of CHF	2018
Retained earnings at December 31, 2018	106 479
Distribution of CHF 0.20 per share (prior year: nil)	–1 552
Retained earnings after proposed payout	104 927

Provided these proposals are approved, the total distribution of CHF 1.20 per entitled share will be paid on May 2, 2019.

03 Discharge of the members of the Board of Directors and Executive Committee	The Board of Directors proposes to discharge its members and the members of the Executive Committee from liability for fiscal year 2018.
04 Board elections	<p>The Board of Directors proposes the separate re-election of Board members Rolf Huber, Gian-Luca Bona, Mariel Hoch and Franz Richter and the separate election of Christoph Kutter and Patrick Jany as Board members for a term ending at the conclusion of the next Annual Shareholder Meeting. All existing Board members and the persons newly nominated by the Board have declared their willingness to accept re-election or election to the Board of Directors for the proposed roles.</p> <p>The Board of Directors also proposes the election of Prof. Dr. Christoph Kutter as Chairman of the Board.</p> <p>Shareholder proposals submitted by VERAISON SICAV will also be dealt with under this business item (as sub-items 4.8 and 4.9).</p> <p>VERAISON SICAV proposes the election of Heinz Kundert as a new member of the Board of Directors for a term ending at the conclusion of the next Annual Shareholder Meeting, and the election of Heinz Kundert as Chairman of the Board.</p>
04.1 Re-election of Rolf Huber to the Board	The Board of Directors proposes the re-election of Rolf Huber as a member of the Board for a term ending at the conclusion of the next Annual Shareholder Meeting.
04.2 Re-election of Prof. Dr. Gian-Luca Bona to the Board	The Board of Directors proposes the re-election of Prof. Dr. Gian-Luca Bona as a member of the Board for a term ending at the conclusion of the next Annual Shareholder Meeting.
04.3 Re-election of Dr. iur. Mariel Hoch to the Board	The Board of Directors proposes the re-election of Dr. iur. Mariel Hoch as a member of the Board for a term ending at the conclusion of the next Annual Shareholder Meeting.
04.4 Re-election of Dr. Franz Richter to the Board	The Board of Directors proposes the re-election of Dr. Franz Richter as a member of the Board for a term ending at the conclusion of the next Annual Shareholder Meeting.
04.5 Election of Prof. Dr. Christoph Kutter to the Board	The Board of Directors proposes the election of Prof. Dr. Christoph Kutter as a new member of the Board for a term ending at the conclusion of the next Annual Shareholder Meeting.
04.6 Election of Prof. Dr. Christoph Kutter as Chairman of the Board	The Board of Directors proposes the election of Prof. Dr. Christoph Kutter as Chairman of the Board for a term ending at the conclusion of the next Annual Shareholder Meeting.

04.7 Election of Patrick Jany to the Board

The Board of Directors proposes the election of Patrick Jany as a new member of the Board for a term ending at the conclusion of the next Annual Shareholder Meeting.

04.8 Shareholder request: Election of Heinz Kundert to the Board

Shareholder proposal: VERAISON SICAV proposes the election of Heinz Kundert as a new member of the Board for a term ending at the conclusion of the next Annual Shareholder Meeting.

Proposal of the Board of Directors: The Board proposes the rejection of this motion.

Explanation by the Board of Directors: In its member Dr. Franz Richter, the Board has at its disposal since 2016 the knowledge and abilities of an experienced CEO (Süss MicroTec) and proven expert in the semiconductor business with personal access to key customers. Likewise, Prof. Dr. Gian-Luca Bona possesses many years of experience in the technologies of the semiconductor industry (IBM). Furthermore, Prof. Dr. Christoph Kutter also has proven experience in semiconductor technology and semiconductor innovation (Infineon). The Board of Directors therefore believes that no additional competencies in the area of semiconductor technology and the semiconductor market are needed. Based on the proposals of the Board of Directors, the composition of the Board is balanced. The Board also sees no need to increase the size of the Board to more than the present six members.

04.9 Shareholder request: Election of Heinz Kundert as Chairman of the Board

Shareholder proposal: VERAISON SICAV proposes the election of Heinz Kundert as Chairman of the Board for a term ending at the conclusion of the next Annual Shareholder Meeting.

Proposal of the Board of Directors: The Board proposes the rejection of this motion.

Explanation by the Board of Directors: In a thorough and professional search process that also included Heinz Kundert as a candidate, the Board evaluated and selected Prof. Dr. Christoph Kutter in December 2018 as the clearly most suitable candidate for the position of Chairman of the Board of Directors. In addition, due to Heinz Kundert's age of 67 years, under the Bylaws of the Company he could only be Chairman of the Board for a maximum of three years, which the Board regards as too short a tenure for a Chairman.

05 Election of the members of the Compensation Committee

The Board of Directors proposes the separate re-election of Rolf Huber and Dr. iur. Mariel Hoch as members of the Compensation Committee for a term ending at the conclusion of the next Annual Shareholder Meeting.

05.1 Re-election of Rolf Huber to the Compensation Committee

The Board of Directors proposes the re-election of Rolf Huber as a member of the Compensation Committee of the Board for a term ending at the conclusion of the next Annual Shareholder Meeting.

05.2 Re-election of Dr. iur. Mariel Hoch to the Compensation Committee

The Board of Directors proposes the re-election of Dr. iur. Mariel Hoch as a member of the Compensation Committee of the Board for a term ending at the conclusion of the next Annual Shareholder Meeting.

06 Election of the independent proxy	The Board of Directors proposes the re-election of Patrick Glauser of FIDURIA AG as independent proxy for a term ending at the conclusion of the next Annual Shareholder Meeting.
07 Election of the statutory auditor	The Board of Directors proposes to engage Ernst & Young AG as the external auditor of Comet Holding AG for fiscal year 2019.
08 Approval of the compensation of the Board of Directors and Executive Committee	The Board of Directors proposes the approval of the compensation of the Board of Directors and Executive Committee.
08.1 Approval of the compensation of the Board of Directors	The Board of Directors proposes the approval of a maximum aggregate amount of CHF 870,000 for the compensation of the Board of Directors for the coming term of office ending at the 2020 Annual Shareholder Meeting . As in the prior year, the compensation represents CHF 99,000 per Board member and CHF 198,000 for the Chairman of the Board. The proposal also covers the possibility that the Annual Shareholder Meeting may approve an additional nominee as a member of the Board, which would then consist of seven members. This results in an aggregate amount of CHF 792,000 (6 x CHF 99,000 plus 1 x CHF 198,000). Added to this are social security contributions of approximately CHF 70,000, bringing the rounded-up total to CHF 862,000. Allowing for a small reserve of CHF 8,000, the Board of Directors therefore proposes a maximum aggregate amount of CHF 870,000 for the compensation of the Board.
08.2 Approval of the fixed compensation of the Executive Committee	For the fixed compensation of the Executive Committee for fiscal year 2020 , the Board of Directors proposes the approval of a maximum aggregate amount of CHF 3,500,000 . This amount includes the contributions for the company pension, state old age and survivors (AHV) insurance, state unemployment insurance (ALV), and accident insurance. This maximum aggregate amount is based on the maximum fixed compensation of CHF 3,500,000 for fiscal year 2019 approved at the 2018 Annual Shareholder Meeting, which in turn was based on the assumption of fixed compensation of CHF 2,600,000, contributions of CHF 750,000 for pension, social security plans and insurance, as well as a small reserve.
08.3 Approval of the variable compensation of the Executive Committee	For the variable compensation of the Executive Committee for fiscal year 2018 , the Board of Directors proposes the approval of an aggregate amount of CHF 417,705 . This amount consists of the variable compensation of CHF 217,291 in cash, stock compensation of CHF 166,716, and proportionate social security contributions of CHF 33,698 (see the compensation report in the annual report 2018).
08.4 Consultative vote on the compensation report for 2018	The purpose of the compensation report is to give shareholders detailed information on the compensation systems, policies and practices for the Board of Directors and the members of the Executive Committee. The Board of Directors is submitting the 2018 compensation report to the shareholders for a consultative vote in this Shareholder Meeting. The Board of Directors proposes the approval of the 2018 compensation report in a consultative vote.

09 Bylaw amendments under the proposal submitted by VERAISON SICAV

09.1 Calling of the Shareholder Meeting

Shareholder proposal: VERAISON SICAV proposes to amend section 8 para. 3 of the Bylaws as follows:

“Section 8 Shareholder Meeting

[...]

3 Special Shareholder Meetings are held at the decision of the Board of Directors or of the Shareholder Meeting, or when requested in writing (stating the purpose of the meeting) by shareholders collectively holding at least five percent ~~one-tenth~~ of the capital stock, or in the other cases provided by law.”

Proposal of the Board of Directors: The Board of Directors proposes the rejection of this motion.

Explanation by the Board of Directors: The Board of Directors considers the 10% threshold for calling a Special Shareholder Meeting to be appropriate for a company of Comet’s size and definitely in line with market practice in Switzerland. The Board sees no reason to already reduce this threshold today with a view to a possible future revision of stock corporation law, especially since investor participation in the Shareholder Meetings of Comet Holding AG, at more than 70%, has always been relatively high and the cost of holding a Special Shareholder Meeting for a company of Comet’s size is substantial.

09.2 Right to place business on the agenda

09.2.1 Section 9 para. 4 of the Bylaws, Shareholder proposal

Shareholder proposal: VERAISON SICAV proposes to amend section 9 para. 4 of the Bylaws as follows:

“Section 9 Calling of Shareholder Meeting

[...]

4 ~~One or more shareholders who together represent at least three percent of the capital stock may request to have business placed on the meeting agenda.~~ Shareholders’ requests ~~under section 699 para. 3 of the Swiss Code of Obligations~~ to place business on the meeting agenda, and the actual proposed resolutions involved, must be submitted to the Board of Directors in writing no later than ~~45~~ 35 days before the Shareholder Meeting in question.”

09.2.2 Section 9 para. 4 of the Bylaws, Proposal of the Board of Directors

Proposal of the Board of Directors: The Board of Directors proposes the rejection of this motion of VERAISON SICAV and instead proposes to amend section 9 para. 4 of the Bylaws as follows:

“Section 9 Calling of Shareholder Meeting

[...]

4 One or more shareholders who together represent at least three percent of the capital stock may request to have business placed on the meeting agenda. Shareholders' requests under section 699 para. 3 of the Swiss Code of Obligations to place business on the meeting agenda, and the actual proposed resolutions involved, must be submitted to the Board of Directors in writing no later than 45 days before the Shareholder Meeting in question."

Explanation by the Board of Directors: The Board of Directors supports the minimum requirement of 3% of capital stock proposed by VERAISON for the inclusion of business items on the meeting agenda, as this improves the opportunities for shareholders to express their wishes. However, for practical reasons, the Board rejects the proposed shortening of the submission deadline to 35 days before the Shareholder Meeting, as this would not give the Board enough time to analyze the shareholder proposal with the due diligence required by law and to state its position on it.

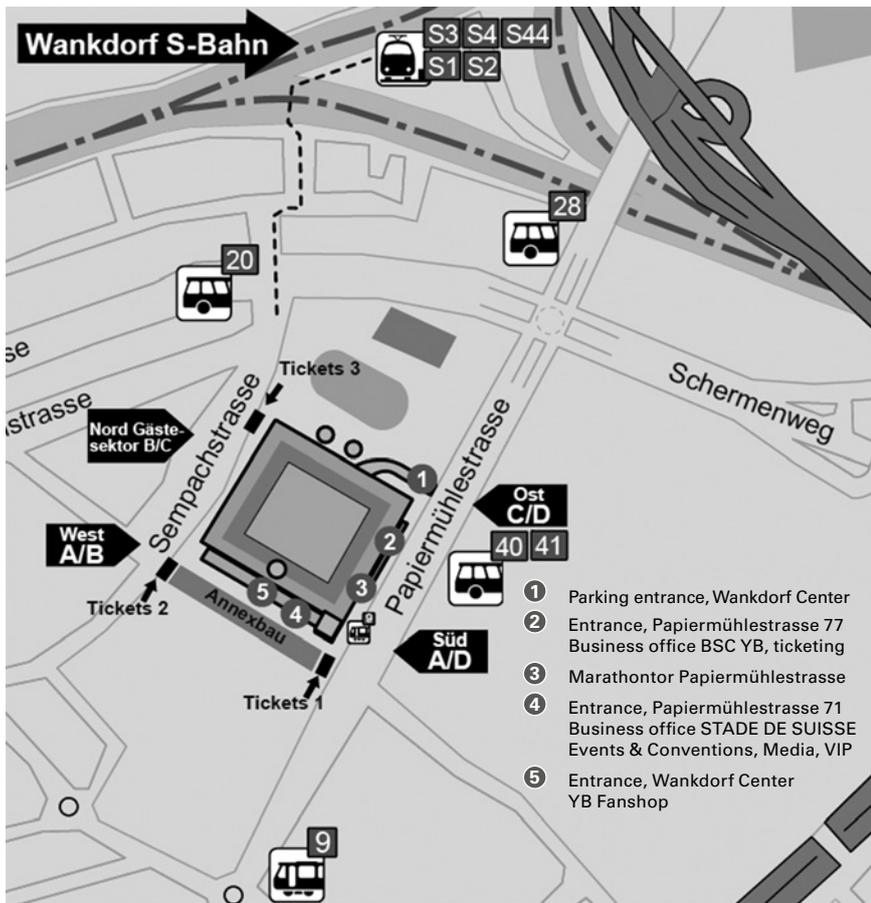
Flamatt, Switzerland

March 26, 2019

Comet Holding AG

Hans Hess
Chairman of the Board of Directors

Map



- ① Parking entrance, Wankdorf Center
- ② Entrance, Papiermühlestrasse 77 Business office BSC YB, ticketing
- ③ Marathontor Papiermühlestrasse
- ④ Entrance, Papiermühlestrasse 71 Business office STADE DE SUISSE Events & Conventions, Media, VIP
- ⑤ Entrance, Wankdorf Center YB Fanshop

**Stade de Suisse
Bern-Wankdorf
Business Center
Champions Lounge**
3rd Floor
Papiermühlestrasse 71
3014 Bern, Switzerland
Tel. 031 344 88 77
www.stadedesuisse.ch

Directions

By public transit from Bahnhof Bern railway station

Take tram line 9 to Wankdorf Center, bus line 20 to Wyler, or various trains to S-Bahn stop Wankdorf on the commuter rail system.

Important note: Please use the Papiermühlestrasse 71 entrance (number 4 on the map) to enter the stadium, and take the elevator to the third floor.

By car

- From Lausanne via A1 motorway: → Bern exit BEA-Expo → Wankdorf → "Zentrum" (center) → Einkaufszentrum (shopping center)
- From Basel/Zurich via A1 motorway: → Lucerne/Bern → A1/Bern → A6/Interlaken → Exit BEA-Expo → Wankdorf → "Zentrum" (center) → "Einkaufszentrum" (shopping center)
- From Interlaken via A6 motorway: → Thun → A6/Bern exit BEA-Expo → Wankdorf → "Zentrum" (center) → "Einkaufszentrum" (shopping center)
- Drive into the parking facility of the stadium/shopping center.

Important note: The access to Papiermühlestrasse 71 is located in the back third of the parking garage and is marked with the word "VIP" and a large number "71". From here, take the elevator to the third floor.

Comet Holding AG

Herrengasse 10
CH-3175 Flamatt
Switzerland

T +41 31 744 90 00
F +41 31 744 90 90

More information
is available on our
website at
www.comet-group.com