

Annual Report

2019

Gurit – with Passion for a Sustainable Future

Our mission is in wind energy and lightweighting.

We are a system partner for wind energy customers globally, with focus on the wind turbine blade. With our unique offering and in-depth understanding of the value chain we help to increase wind energy competitiveness and promote its sustainable growth.

For lightweighting applications in Marine, Aero and other industries we use our knowledge and expertise to provide high-performance materials and engineering.

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**With passion
for a sustainable future**



Our vision Our mission

Our mission is in wind energy and lightweighting.

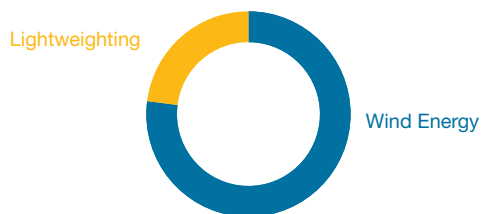
We are a system partner for wind energy customers globally, with focus on the wind turbine blade. With our unique offerings and in-depth understanding of the value chain we help to increase wind energy competitiveness and promote its sustainable growth. For lightweighting applications we use our knowledge and expertise to provide high-performance materials and engineering.

Key facts

In 2019, Gurit achieved a significant 35.5% growth in net sales to CHF 576.4 million. On a currency adjusted basis this represents a 38.6% growth. The acquisition of Gurit Kitting combined with strong organic growth of 11.3% (currency adjusted) enabled this improvement. In terms of operating profit, Gurit achieved CHF 51.9 million and an operating profit margin of 9.0%. In the Continued Business – without automotive components – sales grew 36.0% and the operating profit margin scored 11.0%.

The Wind Energy demand and the attractive material and service offering helped Composite Materials and Kitting to achieve growth. Gurit's Tooling Business reported a very strong first half year and an expected weaker second half year. Gurit sales in the Wind Energy market were CHF 429.4 million, composed of the Composite Material, Tooling and Kitting Business Units. The business development in the lightweighting part of Gurit was stable and partly affected by difficult market conditions.

3rd Party Net Sales into Wind Energy and Lightweighting (continued business)



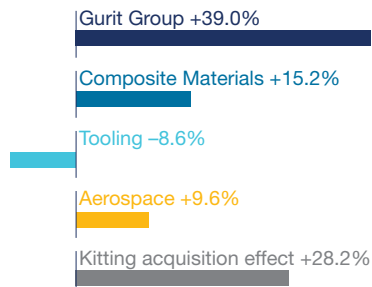
Key Figures Consolidated Income Statement 2019 (in CHF million)

Net sales	576.4
Operating profit	51.9
Net profit	34.9

Key Figures Consolidated Balance Sheet (in CHF million)

	31.12.2019	31.12.2018
Total assets	362.8	369.7
thereof Current assets	260.1	268.4
Total liabilities	216.8	244.7
thereof Current liabilities	136.5	153.3
Equity	146.0	125.1
Equity ratio	40.2%	33.8%

Sales Dynamics 2019 over 2018 (at constant rates) Continued Business



Business and Financial Review

Key Figures

Amounts in CHF million	2019	2018	+/- %
Continued operations			
Net sales	558.3	410.6	36.0%
Operating profit	61.5	45.4	35.7%
Operating profit margin	11.0%	11.0%	
Profit for the year	44.6	36.9	21.0%
Discontinued operations			
Net sales	18.1	14.7	22.7%
Operating loss	- 9.6	- 16.8	
Operating loss margin	- 53.0%	- 113.9%	
Loss for the year	- 9.7	- 17.0	
Total			
Net sales	576.4	425.3	35.5%
EBITDA	72.0	43.8	64.2%
EBITDA margin	12.5%	10.3%	
Operating profit	51.9	28.6	81.8%
Operating profit margin	9.0%	6.7%	
Profit for the year	34.9	19.9	75.5%
Net cash flow from operating activities	65.9	19.4	240.3%
Capital expenditures	24.7	15.3	61.3%
Net debt	52.9	80.0	- 33.9%
Equity in % of total assets	40.2%	33.8%	
Gross debt/EBITDA ratio	1.36	2.93	
Number of employees at December 31	3 027	2 860	5.8%
Average number of full-time equivalents	2 923	2 419	20.8%
Earnings per bearer share	CHF 76.06	CHF 42.96	-
Dividend per bearer share (proposed/resolved)	CHF 25.00	CHF 20.00	25.0%
Market capitalization at December 31	699.2	405.8	72.3%

For explanation of financial terms used see pages 160-161.

Gurit Strategic Focus on Wind Energy

Dear Shareholders

2019 marks the first year under the refined strategy of Wind Energy and Lightweighting. Gurit also revised its vision and mission statements as stated on page 4–5 of this annual report.

Gurit is a leader in materials, core material kitting and tooling for the wind turbine blade production industry. Gurit has further strengthened its geographic market position by opening a new production site in Mexico in 2019, by acquiring PET recycling operations in Italy in spring 2019 for its PET Kerdyn® Green product lines and by investing into a major PET extrusion capacity expansion secured by firm longer term customer commitments.

Overall, Gurit experienced a very strong wind business year 2019 and expects an even stronger year 2020. The demand rise for core materials led to a global capacity shortage – especially critical in Balsa and PET core materials – not seen in the recent past. The situation is expected to continue in 2020 as it is further accentuated by a shift in core materials demand from thermoset to thermoplastic products for cost reduction and environmental reasons. It will take the most part of 2020 until the supply chain capacities of PET have all been raised to the new demand levels.

In total, Gurit generated net sales of CHF 576.4 million, which represents a currency-adjusted growth of 38.6%. The operating profit for the fiscal year 2019 reached CHF 51.9 million which represents a 9.0% margin on net sales. In the Continued Business – without automotive components, which is reclassified as Discontinued Operations – the operating profit margin scored a strong 11.0% of net sales in the calendar year 2019.

In December 2018 Gurit decided to divest the automotive components part of the Composite Components business unit. On October 28th, Gurit communicated that the automotive operations would be closed in summer 2020. As a subsequent event after the balance sheet date, an automotive parts manufacturer expressed interest in acquiring the business which lead ultimately to the sale in February 2020.

Gurit employed a staff of 3 027 as of December 31, 2019. This represents an increase of 5.8% versus the previous year.

In 2019 Gurit reported several changes in the Board of Directors. Peter Pauli has left the Board and Bettina Gerharz-Kalte and Philippe Royer joined after the election in the Annual General Meeting in April 2019. In the Executive Management Philippe Wirth joined as the new CFO in fall 2019 and in December 2019 Stefan Gautschi, GM of Composite Materials Business Unit handed in his resignation.

The Board of Directors will propose to the Annual General Meeting an increased dividend of CHF 25.00 per bearer share.

Strategy Deployment of Gurit

Following the refinement of the Gurit strategy on Wind Energy and Lightweighting in 2018, Gurit revised its vision – with passion for a sustainable future – and mission statements to truly reflect the company's direction on sustainability with a focus on clean, renewable energy. Equally, sustainability has been anchored as one of our five core values for success.

The Sustainability Report enclosed in this annual report elaborates further on this topic, including the occupational health and safety aspects and the related major programs we have started in 2019 to roll-out in 2020.

Our strategy has allowed us to significantly surpass the CHF 500 million net revenue threshold and to achieve an operational margin in the 8-10% range.

In terms of organisational development, we report on several key Board of Director and management changes. In April 2019 two new, industry-proven members have joined the Board of Directors: Bettina Gerharz-Kalte and Philippe Royer. In March 2019 we have communicated that Philippe Wirth will join Gurit later in 2019 as the new CFO. In December 2019 we have communicated that Stefan Gautschi, Head of the Business Unit Composite Materials will pursue other professional career opportunities outside the composite industry in 2020.

Wind Energy

With the acquisition of Gurit Kitting (JSB) in late 2018, Gurit has markedly raised its profile in the global Wind Energy market. During 2019, this acquisition performed very well and grew dynamically across all business metrics. In July 2019 Kitting closed longer term business deals with clients in the magnitude of CHF 175-200 million. In summer 2019, the Kitting Business Unit opened its 7th global kitting plant in Matamoros, Mexico. The same location was chosen for the next PET materials extrusion site for the Materials Business Unit. As part of this co-location strategy we will have core material and kitting services available for Gurit customers in Mexico and the US.

Momentum gain

The Gurit strategy to significantly raise its position in the global Wind business gained momentum during 2019.

Gurit decided on investing a very significant amount of capital in three new, bigger extruders, of which one has been successfully commissioned in China and the remainder will follow in Mexico and again in China in 2020.

Gurit will in the future co-locate PET extrusion plants and core kitting plants in different global regions to realize cost synergies of avoided transportation cost, waste recycling and working capital reduction to the benefit of our clients.

As a consequence of our PET expansion strategy Gurit closed several key wind customer multi-year supply agreements. In August 2019 Gurit communicated PET supply agreements over CHF 200 million and a smaller one in December 2019 for the Chinese local market.

In order to develop the upstream sourcing capability of recycling PET feedstock, Gurit acquired a PET recycling operation in Italy.

In Tooling, Gurit started to deploy more resources in close cooperation with wind energy customers for process automation on top of its tooling offering of moulds.

Business streamlining and operational efficiency

The marine and industrial prepreg plant consolidation of two plants into the Albacete Spain plant, which was started in 2018 and executed throughout 2019, showed positive operational efficiency results.

In October 2019 Gurit communicated that it will close its Hungarian automotive plant mid-2020, following a divestment effort announced in late 2018 and undertaken for almost one year without reaching the desired outcome. Subsequently, an Italian composite parts manufacturer expressed interest in acquiring the business which led ultimately to the sale in February 2020.

In October 2019 Gurit announced an Aerospace plant consolidation of two sites in Europe into one in Kassel, Germany. This will allow us to optimise efficiency and make best use of new investments avoiding a duplication of investments at two sites.

The year 2019 marked a record year in **capital expenditures of CHF 24.7 million**, mainly to raise PET extrusion capacity for future growth, in Tianjin China and Matamoros Mexico as well as for an Aero prepreg machine purchased for the Kassel site.

Research and Development

Gurit serves its customers with a wide portfolio of advanced composite materials, select composite parts, tooling equipment, structural engineering and wind turbine blade core material kits.

In 2019 Gurit undertook a major product development and capacity expansion program for PET due to the market demand shift from thermoset (PVC, SAN) to thermoplastic core materials (PET). Three additional extrusion lines were developed and one already implemented; the remaining two big lines will follow in 2020. Gurit also started a major product improvement program in PET to raise future product properties and reduce cost. The recycled PET production and qualification of additional feedstock resources continued at a strong pace.

Gurit Kitting is investing in faster and more automated kitting process equipment which will become operational in 2020.

In the Tooling business, Gurit is working on blade making automation and industry 4.0 solutions to reduce blade production cycle time in cooperation with our customers and external partners.

A new adhesive range enabling reduced blade bonding cycle time was launched in 2019, also offering the Light Reflective Technology (LRT) feature already known from the Ampreg™ laminating resin range.

Product innovation for the aerospace prepreg range is focusing on the development of new, more environmentally friendly base materials and higher performance prepreps for our customers.

Market Environment and Demand Situation

Wind

Gurit's wind business took advantage of the strong growth in newly installed capacity in global Wind Energy, especially in the Asian (except India) and US markets, offsetting the difficult market environment in the northern part of Europe and the still sluggish Indian market. The overall demand 2019 is expected to have reached 66 GW, an increase of 32% versus 2018 at 50 GW*. The expiry of the government support programs (USA 2020, China 2021) created significant installation demand in 2019.

The Americas region is expected to have grown by 40% to 16 GW. In Europe the 2019 new installations grew by 32% to 16 GW and in the APAC region the new installations are expected to grow by almost 27% to 32 GW, with China contributing with 27 GW the major part. Globally the offshore share of installations is a growth driver, especially in China and northern Europe, while onshore Wind is growing now with at a slower pace. The trend to bigger turbines continues with strong pace to reduce the cost of energy.

* Source: Wood Mackenzie January 2020

The **installation projections for 2020** are expected to continue the growth pace and to grow by 16% to 76 GW. Again, China and US are expected to be the two most vibrant global regions, while India is finally expected to grow.

Looking out to the **next decade**, the new capacity installation is expected to be more stable in the 70 GW range (2018-2028 CAGR 8.4%) with stronger growth in the Middle East and Africa (23.7% CAGR), Latin America (10.2% CAGR) and Eastern Europe (11.8% CAGR) while North America (6.4%), Western Europe (5.5%) and especially China (2.9%) are expected to have a below average growth rate.*

Wind Energy has once more made significant progress in improving cost competitiveness by further improving its cost of energy contracts in 2019 versus non-renewable cost benchmarks. This will sustain growth of wind renewable energy beyond the government subsidized period in the various countries. The global consolidation of Wind Energy Original Equipment Manufacturers (OEM's) is expected to continue within the global top ten. Manufacturing capacity expansions are expected to grow especially in China and India, for domestic and export business in the latter. Bigger turbines powered by ever longer blades create more challenges as the capital expenditures of the OEM's are growing much faster than the blade length. Process cycle time improvements to manufacture the big blades quicker and automation support in the blade making process are focus areas in Gurit Materials, Kitting and especially Tooling. Cost reduction and efficiency improvements are a necessity to make wind energy more cost effective. Gurit's investment in PET core, co-location of PET extrusion and core kitting and the development of faster reacting adhesives are key activities in this context.

Gurit sales to Lightweighting markets

Aerospace

Demand in the aerospace business was driven by both Europe and North America. The continuous global growth of commercial air transport was unbroken again in 2019 and allowed for an increase in revenue and a solid backlog in the Aero sector.

Marine & Industrial

The global marine industry was weaker in 2019. While Gurit strengthened its market position in Europe, the market environment in the Asia-Pacific and Americas regions was difficult and additionally challenged by the global shortage of core materials. Some large industrial customers also faced a slow demand situation, resulting in a slight overall decline in the Marine & Industrial segment.

Order situation

In total, the Group's order situation was solid at the year-end 2019 for 2020, especially in Gurit Materials where multi-year agreements secure sales development especially of PET. Gurit Tooling will start 2020 with a strong order book for the Chinese and international customers. Gurit Kitting demand is equally contractually agreed for 2020.

* Source: Wood Mackenzie: Global wind power market outlook update: Q4 2019 25 Nov 2019

Key Financial Figures 2019 and Business by Segments

In total, Gurit achieved Group net sales of CHF 576.4 million for the full year 2019 (FY 2018: CHF 425.3 million). This represents an increase of 35.5% in reported Swiss francs and 38.6% growth on a currency adjusted basis. The organic growth for the Gurit Group has been 11.3% on a currency adjusted basis. Group sales for continued operations (excluding automotive components) accounted for CHF 558.3 million in the fiscal year 2019, a growth of 36.0% over 2018.

Sales by geographic location showed the APAC region with 37.4% as the largest destination for goods delivered, as compared to 36.6% in the previous year. Deliveries to Europe accounted for 31.6% of total Group sales in 2019 (2018: 37.6%). Goods delivered to the Americas accounted for 22.8% of total Group sales (2018: 19.1%), while supply to the rest of the world amounted to 8.2% (2018: 6.7%). A detailed breakdown can be found in the Notes to the Consolidated Financial Statements of this Annual Report on page 124.

Gurit reports net sales in four segments together forming Continued Operations: 'Tooling', 'Kitting', 'Composite Materials' and 'Aerospace', while 'Automotive Components' is accounted for under Discontinued Operations.

Continued Operations

Gurit Tooling

The Tooling Business reported a very strong first half year and an expected weaker second half year. Net sales decreased by -10.5% (currency adjusted: -8.6%) to CHF 106.1 million in 2019 compared to net sales of CHF 118.5 million in 2018. The increase in demand from Asian customers secured in the second half of 2019 will enable strong first half year 2020 sales and a good capacity utilization.

Kitting

The Kitting Business Unit reported net sales of CHF 190.7 million and is on a solid growth track versus the prior year of which Gurit consolidated only the last quarter. This contribution represents the majority of the acquisition effect for the Gurit net sales growth reported.

Composite Materials

Composite Materials increased net sales by 12.8% (currency adjusted: 15.2%) year-on-year from CHF 221.3 million in 2018 to CHF 249.5 million in 2019. The sales growth has been driven by the vibrant Wind energy market, while sales in the Marine and Industrial business saw a slight decline.

Aerospace

Gurit's Aerospace Business reported net sales of CHF 53.5 million, which represents an increase of 7.3% (currency adjusted 9.6%). Both the European and the North American market generated strong demand.

Discontinued Operations

Composite Components

The Composite Components Business reported net sales of CHF 18.1 million in 2019 compared to net sales of CHF 14.7 million in 2018. As communicated on February 11, 2020, Gurit has sold its automotive production site in Hungary.

Profitability

Gurit reached an Operating Profit of CHF 51.9 million in 2019 with a margin of 9.0% of net sales which compared favourably to the 2018 margin of 6.7%. In the Continued Operations the operating profit reached CHF 61.5 million with an 11.0% margin to net sales, which is in line with the 11.0% margin achieved in the fiscal year 2018.

The Profit for the year 2019 accounted to CHF 34.9 million and 6.1% of net sales. This compares to a margin in the prior year of 4.7%. This equals to earnings per listed bearer share of CHF 76.06 in 2019 (2018: CHF 42.96). In the Continued operations the Profit for the year was CHF 44.6 million or 8.0%, compared to the prior year with CHF 36.9 million or 9.0% of net sales.

Cash Flow and Balance Sheet

Gurit generated a positive net cash flow from operating activities of CHF 65.9 million, which is markedly higher than in 2018 (CHF 19.4 million) due to higher Operating Profits and the timing of customer payments which were late in the previous year. **Capital expenditures** amounted to CHF 24.7 million in 2019 compared to CHF 15.3 million in the previous year. The increase is mainly due to the Capex needs of the acquired Gurit Kitting business, such as the new Kitting facility in Mexico, as well as the acquisition of core material production equipment for PET. Gurit undertakes a significant Capex program to increase its PET extrusion footprint.

Gurit reduced its **net debt** to CHF 52.9 million at year end 2019 compared to CHF 80.0 million in the previous year. The gross debt to EBITDA ratio was 1.36 at year end 2019 compared to 2.93 in the previous year.

The equity ratio increased to 40.2% at year end 2019 from 33.8% in 2018.

Risk Management

Risk management forms an integral part of the Group's conduct of business and is therefore an important element of daily business conduct. A formal risk management review and subsequently an update of the risk profiles are performed semi-annually by Management and Board of Directors, including assessment of the individual sites. Gurit groups the risks into the following three categories: **strategy execution risks, operational risks and financial risks**. The different business risks are assessed and prioritized according to their financial impact and the likelihood of their occurrence. The Executive Committee ensures that appropriate measures are taken to mitigate the risks. The Board of Directors is regularly updated of the Group's risk profile and the corresponding mitigating action plans and their respective changes.

Gurit has identified the following key risks out of its wider business risk list which are all managed according to the outlined risk management process:

The wind energy industry is to a certain degree still influenced by governmental policies, such as the introduction of auction systems, which can affect demand momentum in a given time period. Based on Gurit's global footprint of operations and sales, the Company is able to balance such risks to a certain degree. The long-term trend in the wind energy industry is to reduce cost per KWh of produced energy, which requires steady cost reduction and subsequently creates price pressure in the supply chain. Gurit strives to meet this challenge with efficiency improvements, fixed cost leverage through volume growth and product innovation to reach the required product cost reductions.

Gurit is undertaking a major investment in PET core materials both from a capital investment as well as from a site expansion viewpoint. The execution risks of such a major program exist and are being monitored monthly.

The acquisition of JSB (Gurit Kitting) positions Gurit very favourably as a strategic supplier in the global Wind Energy market. The business integration of JSB into Gurit is associated with the typical integration risk of not capturing the intended synergies in time and amount.

Gurit is active in the chemical and materials processing business and is working hard to steadily improve the Health and Safety of its products and operations. In 2019 Gurit has started a major initiative to further improve its overall operations and reduce related risks.

IT cyber and fraud attacks become an ever increasing risk to business. Gurit is steadily reinforcing its defense against such attacks with more refined IT systems, along with stronger access and detection security measures. The exposure to related attacks however remains as a business risk.

Gurit is also faced with material procurement risks. Price development in general is tied to the oil price for all oil-based raw materials used and the steel price, in particular for the Tooling business. Other material procurement risks relate to the availability of supply and climatic conditions for balsa wood harvest, individual vendor delivery constraints, commodity changes driven by health and safety regulations or changes in governmental regulation in regions or countries. As part of its philosophy as a responsible supplier, Gurit has started to re-formulate several of its Formulated products to improve user health and safety through the careful selection of chemicals.

Moreover Gurit is exposed to transaction exchange rate risks as it is selling and manufacturing globally.

At the time of editing this report there was an outbreak of a Novel Coronavirus in China. There is a possibility that this epidemic can have a material adverse effect on the business.

Sustainability

The sustainability of the Gurit business is growing in significance every year and therefore we have issued a separate sustainability report as part of this annual report. Wind Energy as a renewable form of electricity generation represents 77% of Gurit's business activity. Lightweighting, in terms of higher performing materials in Aero, Marine, and Industrial markets, makes up the balance of activity. Gurit is acting in business fields which create strong benefit for a better world for us and our children. Gurit is an attractive employer which creates passion and a clear and compelling purpose of what we are developing and producing for the global markets. We undertake to develop and promote our own human resources with the ambition to staff more than 50% of our leadership positions longer term from within the company. We also want to attract young talent to achieve this.

Within the good purpose of our business, the reduction of hazardous materials used to create our products is continuously focused on – exemplarily in our recycled PET initiative to substitute thermoset foams over time. Occupational Health and Safety improvements are critical to us and supported by a major program. Equally we steadily improve our customer order fulfillment and our quality levels. We do business under a strong code of business ethics and we do not overstep.

Please review the Gurit Sustainability on page 52 report for further information and the related statistics.

www.gurit.com/About/Sustainability



Peter Leupp, Chairman of the Board of Directors (left), Rudolf Hadorn, Chief Executive Officer (right).

Outlook and Proposed Distribution to Shareholders

In light of the expected strong wind energy demand and current market fundamentals, our outlook for the Company's development in 2020 is positive. Despite potential short-term effects of the trend towards competitive auction systems, mid- and long-term prospects for the global wind energy industry remain favourable, with projected annual new installation growth of around 8% over the coming 10 years. For the Aerospace business, we are confident that we can turn the successful material qualification with another major aircraft manufacturer into additional sales revenue in 2020 as well as into a promising growth opportunity for Gurit in the mid-term.

Overall, we currently expect to achieve a single-digit organic revenue growth to around CHF 600 million in 2020. We further expect to achieve an operating profit in the range of 8.5-11.0% for the fiscal year 2020.

The net sales guidance does consider the divestment of the automotive business effective February 1, 2020. The operating profit guidance provided above assumes a negative effect of the corona virus triggered business interruption in China in the month of February. If the

business impact lasts longer, the effect on sales and operating profit margins would be more severe.

The Board of Directors will propose to the Annual General Meeting of Shareholders, scheduled for April 15, 2020, to distribute a total of CHF 11.7 million to shareholders – this corresponds to CHF 25.00 per listed bearer share, an increase of CHF 5.00 versus 2019.

We would like to thank all our employees for their excellent performance and strong contribution to the Company's success and strategic development. Furthermore, we are also grateful for the continued customer loyalty and rewarding relationships of mutual respect with our business partners. Last but not least we would like to extend our sincere gratitude towards our shareholders for their ongoing trust and support.

Yours sincerely, Gurit Holding AG

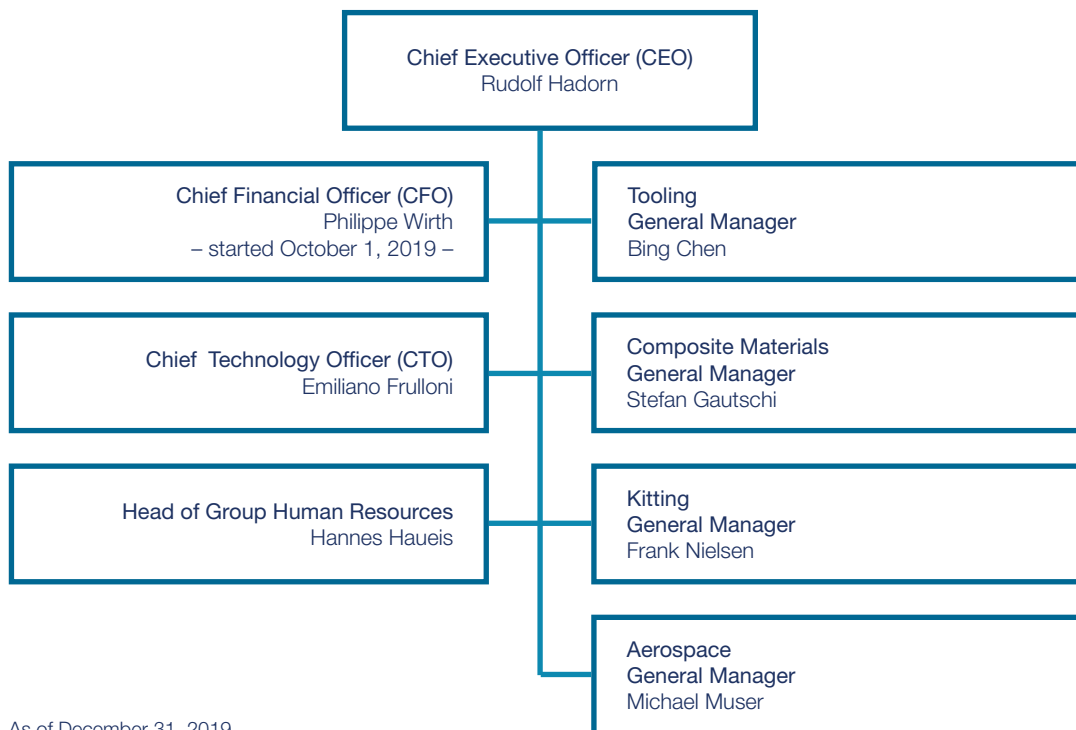
Peter Leupp
Chairman of the
Board of Directors

Rudolf Hadorn
Chief Executive
Officer

Organization

Board and Group Management

Board of Directors of Gurit Holding AG	Peter Leupp, Chairman of the Board of Directors Stefan Breitenstein, Chairman of the Audit and Corporate Governance Committee Urs Kaufmann, Chairman of the Nomination and Compensation Committee Nick Huber, Member Philippe Royer, Member Dr. Bettina Gerharz-Kalte, Member
Group Management	Rudolf Hadorn, CEO Philippe Wirth, CFO (started October 21, 2019) Stefan Gautschi, General Manager Gurit Composite Materials Frank Nielsen, General Manager Gurit Kitting Bing Chen, General Manager Gurit Tooling Michael Muser, General Manager, Gurit Aerospace Emiliano Frulloni, Chief Technology Officer Hannes Haueis, Head of Group Human Resources
Auditors	PricewaterhouseCoopers AG, Zurich



As of December 31, 2019

Investor Relations

Share Capital

The share capital of Gurit Holding AG is divided into:

240 000 registered shares at CHF 10.00 par value	Securities no. 185 039
420 000 bearer shares at CHF 50.00 par value	Securities no. 801 223

Par value adjusted to CHF 50.00, this results, purely arithmetically, in a total of 468 000 shares.

Stock Market Trading

The bearer shares are listed on SIX Swiss Exchange. Prices are published in the Swiss daily and financial press as well as in electronic price information systems under the following symbols or numbers:

Bearer share:

Reuters	GUR.S
Telekurs	GUR
Securities no.	801 223
ISIN	CH0008012236

Important Dates

The most important dates for publications this year and next are shown below:

April 15, 2020 Annual General Meeting Press release on Q1 sales	End of January 2021 Press release on FY 2020 sales
August 17, 2020 Half-Year Report 2020 Analyst/Media Conference	February 2021 Presentation full-year results 2020 Analyst/Media Conference Publication of Annual Report
October 15, 2020 Press release on Q3 sales	April 2021 Annual General Meeting

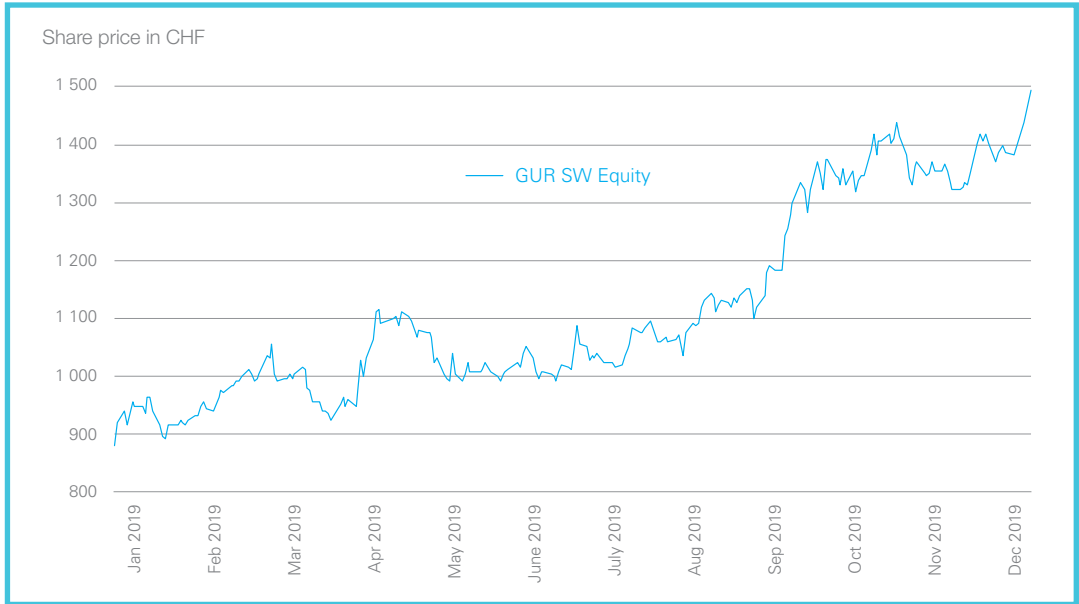
The key dates are continuously updated at <http://www.gurit.com/Investors/Events>

Internet/Email Alerts

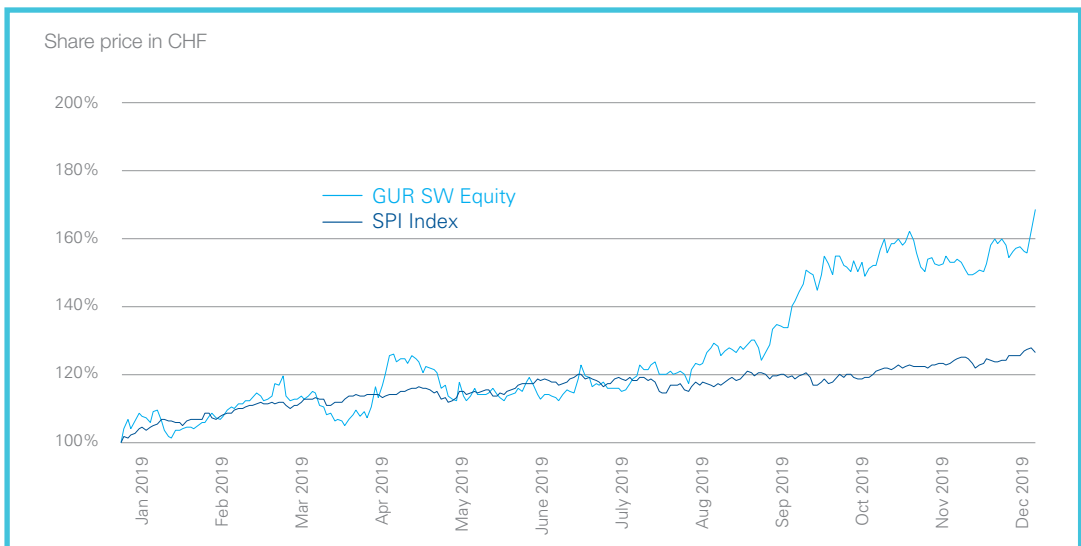
For additional information, please visit the Gurit website at <http://www.gurit.com/Investors>
Sign-up for e-mail alerts on Gurit is available at <http://www.gurit.com/Investors/News-Subscription>

Stock Price Chart

Gurit Share Price Development



Gurit Bearer Shares and Respective Indices



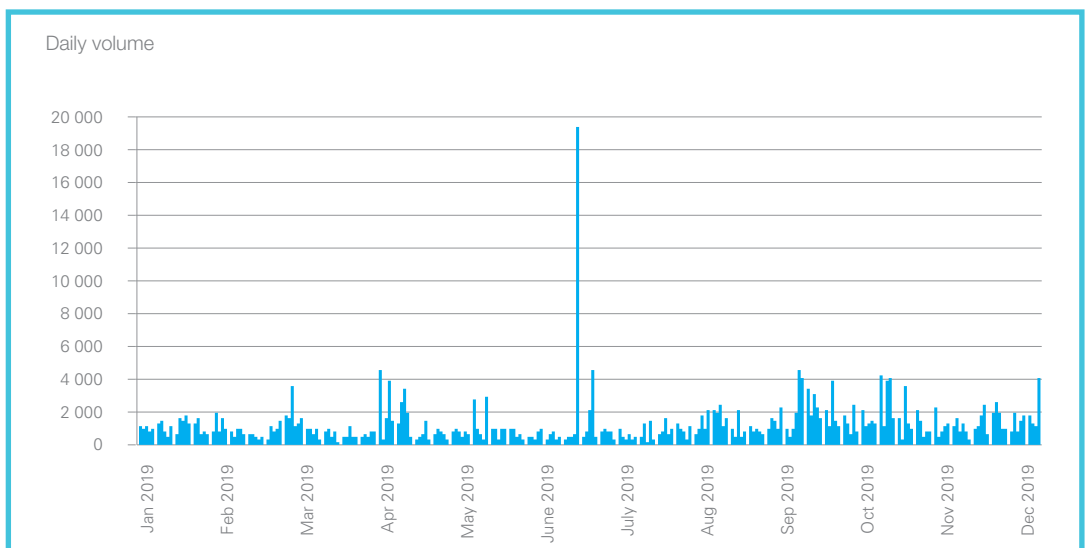
Key Figures per Bearer Share

	2019	2018	2017	2016	2015
Price at year-end	CHF 1 494.00	CHF 867.00	CHF 1 053.00	CHF 809.00	CHF 568.00
Highest price	CHF 1 494.00	CHF 1 066.00	CHF 1 216.00	CHF 896.00	CHF 578.00
Date	30.12.2019	26.01.2018	20.07.2017	10.10.2016	23.11.2015
Lowest price	CHF 859.00	CHF 748.00	CHF 758.50	CHF 470.75	CHF 318.00
Date	03.01.2019	04.04.2018	31.01.2017	12.02.2016	19.01.2015
Earnings per share	CHF 76.06	CHF 42.96	CHF 53.32	CHF 55.64	CHF 48.24
Distribution out of reserves from capital contributions	–	CHF 3.75	CHF 20.00	CHF 15.00	CHF 8.50
Gross dividend paid	CHF 20.00	CHF 16.25	–	–	–

Taxable Values of Traded Securities

	31.12.2019	31.12.2018	31.12.2017	31.12. 2016	31.12. 2015
Bearer shares CHF 50.00	CHF 1 494.00	CHF 867.00	CHF 1 053.00	CHF 809.00	CHF 568.00

Trading Volumes in Gurit Bearer Shares



Corporate Governance

The following chapter describes the principles of corporate governance applied at the Board and Senior Management level at Gurit in accordance with the “Directive on Information Relating to Corporate Governance” published by SIX Swiss Exchange. Unless otherwise indicated, all information refers to the 2019 fiscal year ending on December 31, 2019. The key principles and rules on Corporate Governance for Gurit are defined in the Articles of Association and the Organizational Regulations; they are based on the recommendations set out in the “Swiss Code of Best Practice for Corporate Governance” published by *economiesuisse* — the federation of Swiss business. Significant changes that occurred between year-end and the copy deadline are duly disclosed. Gurit also publishes a Compensation Report, included as a separate chapter in this Annual Report.

1. Group Structure and Shareholders

1.1 Group Structure

1.1.1 Operational Group Structure

The Gurit Group is an international industrial group specializing in the development, production, supply, and marketing of advanced composite materials, as well as tooling, kitting and engineering. An organizational chart depicting the Group organization for the 2019 fiscal year can be found on page 16.

1.1.2 Legal Structure of Subsidiaries

Of all the companies consolidated, Gurit Holding AG (the Gurit Group's holding company) is the only one listed on a stock exchange. Gurit Holding AG is domiciled in Wattwil, Switzerland. Gurit bearer shares (security No. 801223, ISIN CH0008012236, symbol GUR) are listed on SIX Swiss Exchange; the registered shares of Gurit Holding AG are not listed.

Based on the bearer shares' year-end closing price of CHF 1 494.00 and equally valuating the par-value-adjusted registered shares, the market capitalization on December 31, 2019 amounted to CHF 699.2 million.

1.1.3 Information about the non-listed Gurit group companies can be found in the overview on pp. 142 of the Financial Report.

1.2 Significant Shareholders

On December 31, 2019, the Company knew of the following shareholders holding more than 3% of the voting rights in Gurit Holding AG:

Huwa Finanz- und Beteiligungs AG, Bahnhofstrasse 2, 9435 Heerbrugg, Switzerland, holds 220 000 registered shares. This equals 33.33% of all voting rights in Gurit Holding AG. The shares of Huwa Finanz- und Beteiligungs AG are held by the families of Ruedi Huber, Balgach/Switzerland, Helene Huber, Heerbrugg/

Switzerland, and Nick Huber, Balgach/Switzerland, and are governed by a shareholder agreement. Further details on the disclosure of shareholdings are available on the SIX Swiss Exchange website mentioned at the end of this section.

Martin Bisang, 8700 Küsnacht, Switzerland, holds through Whale Holding AG / Whale Ventures AG, Baarerstrasse 2, 6300 Zug, 66 000 bearer shares equalling 10% of all voting rights in Gurit Holding AG.

Robert Heberlein, 8126 Zumikon, Switzerland, holds directly and indirectly via Burix Beteiligungen AG, c/o Fidura Immobilien AG, Gotthardstrasse 20, 6300 Zug, 4.75% of all voting rights in Gurit Holding AG. 2.96 percentage points thereof stem from the ownership of 19 545 registered shares and 1.79 percentage points from 11 790 bearer shares. The previous owner, Burix Holding AG, was merged with Burix Beteiligungen AG in 2018.

Credit Suisse Funds AG, Zurich holds 20 628 bearer shares and 3,13% of voting rights.

Disclosures related to significant shareholders and their shareholdings reported in 2019 as well as updated information on major shareholders are available on the SIX Swiss Exchange website at:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?company-id=GURIT>

1.3 Cross-Shareholding

Gurit Holding AG has no cross-shareholding arrangements with other companies.

2. Capital Structure

Information about the capital structure can be found in Gurit Holding AG's Articles of Association, in the Financial Report and the statements on Gurit Holding AG as well as in the Investor Relations section on page 17 of this report. The Articles of Association are available on the Company's website:

<http://www.gurit.com/About/Corporate-Governance>

2.1 Capital

Details on the capital are included in the Notes to Gurit Holding AG's Financial Statements on pp. 150.

2.2 Authorized or Contingent Capital in Particular

Gurit Holding AG has no authorized or contingent capital.

2.3 Changes in Equity of Gurit Holding AG

In the past three years the following changes in equity have occurred:

In CHF 1000	December 31, 2019	December 31, 2018	December 31, 2017
Share capital	23 400	23 400	23 400
Legal reserves			
Reserves from capital contributions	81	81	1 836
Other legal reserves	4 680	4 680	4 680
Retained earnings	147 969	115 929	127 539
Treasury shares	- 232	- 118	- 110
Total equity	175 898	143 972	157 345

2.4 Shares and Participation Certificates

The Company's share capital consists of 240 000 registered shares with a par value of CHF 10.00 each and 420 000 bearer shares with a par value of CHF 50.00 each. Bearer shares are traded in the domestic segment of the SIX Swiss Exchange (security No. 801223, ISIN CH0008012236, symbol GUR). All shares are fully paid up and entitled to dividends. All registered shares and bearer shares, regardless of their nominal value, are entitled to one vote.

Gurit Holding AG has not issued any participation certificates.

2.5 Profit-Sharing Certificates

Gurit Holding AG has not issued any profit-sharing certificates.

2.6 Limitations on Transferability of Shares and Nominee Registrations

According to paragraph 4 of the Articles of Association, only individuals who are entered in the share register may be recognized as the owners or beneficiaries of non-traded registered shares. Registration of ownership may be refused only in cases where the purchaser does not expressly declare that he or she acquired the registered shares for his or her own account. Bearer shares listed on the stock market are freely transferable. There are no regulations to any other effect regarding nominee registrations. Changes in the statutory regulations restricting the transferability of registered shares require at least two-thirds of the votes represented at the Annual General Meeting and an absolute majority of the nominal value of the shares.

2.7 Convertible Bonds and Options

Gurit Holding AG has no outstanding convertible bonds nor stock options.

3. Board of Directors

On December 31, 2019, the Board of Directors of Gurit Holding AG consisted of six members.

3.1 and 3.2 Members of the Board of Directors

The personal details together with the other activities and vested interests of individual members of the Board of Directors are listed on the next pages:

Peter Leupp

Chairman of the Board of Directors
El.-Ing., ETH Zurich
Swiss citizen, 1951
Nonexecutive member



Professional Background (Main Stages)

1977 – 1988 Various functions at BBC (now ABB) in High Voltage Development
1988 – 1989 CEO, Technochemie AG, Switzerland
1989 – 1999 Various leading positions at High and Medium Voltage, ABB, Switzerland
1999 – 2000 Local Head of Power Transmissions and Distribution division at ABB, Switzerland
2001 – 2006 Country Manager in China; Chairman and President of ABB (China) Ltd
2005 – 2006 Region Manager North Asia, ABB Ltd, Switzerland
2007 – 2012 Head Power Systems division, Member of the Group Executive Committee of ABB Ltd, Switzerland
2012 – 2017 Executive Advisor to the Group Executive Committee of ABB Ltd, Switzerland

Stefan Breitenstein

Member of the Board of Directors
Attorney at Law, Dr. iur. University Zurich
LL.M. Harvard Law School
Diplôme des Hautes Etudes Européennes, College of Europe, Bruges
Swiss citizen, 1957
Nonexecutive member



Professional Background (Main Stages)

Since 1994 Partner at Lenz & Staehelin

Other Important Activities and Vested Interests

Vice-Chairman of the Board of Directors, Brink's International Holdings AG, Zug, Switzerland
Member of the Board of Directors, EPIC Swiss AG, Zurich, Switzerland
Member of the Board of Directors, MAN Truck & Bus AG, Otelfingen, Switzerland
Member of the Board of Directors, Kar-Tess Holding, Luxembourg
Member of the Board of Directors, The A.G. Leventis Foundation, Liechtenstein
Vice-Chairman of the Board of Directors L&S Trust Services S.A., Geneva, Switzerland

Bettina Gerharz-Kalte

Member of the Board of Directors
Ph.D. in Chemistry, Max-Planck Institute Polymer Science,
Johannes Gutenberg University Mainz, Germany
German Citizen, 1964



Professional Background (Main Stages)

1992 - 2002	Various Management positions in Germany and Switzerland at HOECHST AG and Clariant AG within the field of specialty chemicals
2003 – 2005	BL head Emulsion Powder at Celanese GmbH
2005 – 2012	Managing Director Elotex Frankfurt, Germany and Member of the Management Team in Switzerland responsible for Marketing globally, belonging to the group's National Starch and Chemicals, ICI and AkzoNobel
2012 – 2014	Purchasing Director AkzoNobel Functional Chemicals, Netherlands
Since 2014	Vice President New Growth Business Thermal Insulation at Evonik Resource Efficiency GmbH, Germany

Nick Huber

Member of the Board of Directors
Businessman
Stanford Executive Program, Stanford University
Swiss citizen, 1964
Nonexecutive member



Professional Background (Main Stages)

1990 – 1995	Account Manager, IBM (Schweiz) AG, Switzerland
1995 – 2016	Different management positions within the SFS Group, Heerbrugg, Switzerland

Other Important Activities and Vested Interests

Chairman of the Board of Directors, COLTENE Holding AG, Altstätten, Switzerland
Member of the Board of Directors, SFS Group AG, Heerbrugg, Switzerland
Member of the Board of Directors, Huwa Finanz- und Beteiligungs AG, Heerbrugg, Switzerland

Urs Kaufmann

Member of the Board of Directors
 Dipl. Ing. ETH Zurich
 Senior Executive Program IMD
 Swiss citizen, 1962
 Nonexecutive member



Professional Background (Main Stages)

1987 – 1993 Production and Sales Manager, Zellweger Uster AG, Uster, Switzerland and USA
 1994 – 1997 Managing Director of Henry Berchtold AG, Zell, Switzerland, (subsidiary of Huber+Suhner AG, Switzerland)
 1997 – 2000 Division Manager and Member of the Executive Management Team, Huber+Suhner AG, Pfäffikon, Switzerland
 2001 – 2002 Member of Group Management, Huber+Suhner AG, Pfäffikon, Switzerland
 2002 – 2017 CEO, Huber+Suhner AG, Pfäffikon, Switzerland
 2014 – 2017 Delegate of the Board, Huber+Suhner AG, Pfäffikon, Switzerland

Other Important Activities and Vested Interests

Member of the Board of Directors, Müller Martini Holding AG, Hergiswil, Switzerland
 Member of the Board of Directors, SFS Group AG, Heerbrugg, Switzerland
 Chairman of the Board of Directors, Schaffner Holding AG, Luterbach, Switzerland
 Member of the Board of Directors, Vetropack AG, Bülach, Switzerland
 Chairman of the Board of Directors, Huber+Suhner AG, Pfäffikon, Switzerland
 Member of the Executive Committee SWISSMEM
 Member of the Executive Committee, Swiss Employers' Association

Philippe Royer

Member of the Board of Directors
 Business Administration degree, ICG Paris, 1993
 Engineer, Ecole Centrale de Lyon, 1984
 French Citizen, 1961



Professional Background (Main Stages)

1985 – 1987 IT Manager, Lee Cooper, France
 1988 – 1990 Supply chain and IT Manager, Devanlay, France
 1991 – 1999 Various leading positions, then Managing Director, Eurofoil, Luxembourg
 2000 – 2001 Senior Vice President, VAW Business Unit Foil, Germany
 2002 – 2006 Business Unit President, Alcoa, Switzerland
 2007 – 2013 Chairman & CEO, Manoir Industries, France
 2014 – 2018 CEO, Metalor, Switzerland

3.3 Statutory Number of Permitted Activities

According to paragraph 27 of the Articles of Association, a member of the Board of Directors may hold

- a maximum of five mandates as member of a top governing or administrative body of other listed companies outside the Gurit Group
- additionally a maximum of 20 mandates as member of a top governing or administrative body of non-listed legal entities outside the Gurit Group
- additionally a maximum of five mandates in non-profit associations and foundations as well as pension funds outside the Gurit Group

3.4 Elections and Terms of Office

Name	Born	Position in BoD	First election to BoD
Peter Leupp	1951	Chairman	23.04.2010
Stefan Breitenstein	1957	Member	10.04.2014
Bettina Gerharz-Kalte	1964	Member	09.04.2019
Nick Huber	1964	Member	15.06.1995
Urs Kaufmann	1962	Member	12.04.2006
Philippe Royer	1961	Member	09.04.2019

All members of the Board of Directors and the Chairman of the Board of Directors are elected individually by the Annual General Meeting of Shareholders (AGM) for a term of office of one year (i.e., until the following Annual General Meeting). Members may be re-elected. There is no statutory limit to the maximum period of office for members of the Board of Directors. But the period of office is limited to the AGM following the completion of the age of 72 years.

3.5 Internal Organization

3.5.1 Allocation of Tasks Within the Board of Directors

The Board of Directors acts as a joint body. Decisions are taken on the basis of the majority of the votes submitted.

The Chairman of the Board organizes and leads the work of the Board of Directors. In cooperation with the CEO, he makes sure that the other members of the Board receive the necessary information for their decision-making as well as the supervisory functions. He is the formal representative of the Group to the outside world. He may be assisted by one or two additional members defined by the Board.

3.5.2 Membership of the Board's Committees, their Duties and Responsibilities

The Board has formed two permanent committees:

Audit and Corporate Governance Committee

Chairman: Stefan Breitenstein
Members: Peter Leupp, Philippe Royer

The Audit and Corporate Governance Committee consists of nonexecutive members of the Board of Directors. It assists the Board of Directors in its supervisory financial duties and checks the effectiveness, performance, and compensation of the external auditors. The Audit and Corporate Governance Committee also oversees the financial reporting processes within the Group.

The Chairman of the Audit and Corporate Governance Committee furthermore acts as an independent contact for any concerns or advice on the Gurit Code of Conduct.

Nomination and Compensation Committee

Chairman: Urs Kaufmann

Members: Peter Leupp, Nick Huber

The Nomination and Compensation Committee prepares all relevant decisions of the Board of Directors with respect to the compensation of members of the Board of Directors and the Group management and submits the respective proposals and recommendations to the Board of Directors. It defines the guidelines for the selection and election of potential new members of the Board of Directors as well as the function of the Group's CEO. The committee approves appointments to the Group Management made by the CEO; the compensation system for the Group, in particular with respect to employee share option plans and performance-based remuneration plans; and the general principles of the Group's human resource policy.

To consult and execute specific and short-term projects or issues, special ad hoc committees can be nominated.

3.5.3 Working Methods of the Board of Directors and its Committees

The Board of Directors meets annually for at least four ordinary meetings, generally one in each quarter.

In 2019, the Board of Directors met eight times in person and held six extraordinary calls. The attendance and durations are detailed in the tables on page 28.

The Composition of the Audit and Corporate Governance Committee has changed in 2019. Philippe Royer who was elected as new board member on April 9 replaced Peter Pauli who exited the board the same day. There was no change in the Nomination and Compensation Committee. Only committee members attend the committee meetings rather than the entire Board of Directors.

The Audit and Corporate Governance Committee met three times in person in 2019. Further details are outlined in the table on page 28.

The Nomination and Compensation Committee met three times in person in 2019. Further details are outlined in the table on page 28.

Board meetings are summoned in writing by the Chairman. An invitation, along with a detailed agenda and documentation, is sent to all participants at least five days in advance of the date set for the meeting.

As a rule, the Chief Executive Officer attends meetings of the Board of Directors and the Committees. The Chief Financial Officer attends meetings of the Board of Directors and the Audit and Corporate Governance Committee meetings. In order to ensure that the Board has sufficient information to make decisions, other members of staff or third parties may also be invited to attend.

The Board meets quorum if all members have been duly invited and the majority of its members take part in the decision-making process. Members may participate in deliberations and the passing of resolutions by telephone or other suitable electronic media if all participants are in agreement. The Board's decisions are taken on the basis of the votes submitted. In the event of a tie, the Chairman has the casting vote. Decisions may also be made in writing.

Proposals are sent to all members, and they are regarded as passed if the majority of members agree unconditionally and no member insists on discussion of the issues in question within an agreed period of time.

Members of the Board of Directors are obliged to leave meetings when issues are discussed that affect their own interests or the interests of persons close to them.

All proposals and decisions are entered in the minutes to the meeting.

Overview of duration and attendance of meetings

Board of Directors meetings in person

Date	Duration in hours	Participants
25.02.2019	5	5
09.04.2019	3	6
19.06.2019	7	6
20.06.2019	5	6
20.06.2019	4	6
08.08.2019	4	6
15.10.2019	6	6
18.12.2019	9	6

Total **43**

Board of Directors extraordinary calls

Date	Duration in hours	Participants
28.01.2019	2	5
10.05.2019	1	6
15.08.2019	2	6
18.09.2019	1	6
30.09.2019	1	6
19.11.2019	1	6

Total **8**

Audit and Corporate Governance Committee meetings in person

Date	Duration in hours	Participants
25.02.2019	2	3
07.08.2019	3	3
17.12.2019	3	3

Total **8**

Nomination and Compensation Committee meetings in person

Date	Duration in hours	Participants
15.02.2019	3	3
17.10.2019	2	3
17.12.2019	4	3

Total **9**

3.6 Definition of Areas of Responsibility

The Board of Directors' main duties are the following:

- To formulate the general Group policy and the industrial concept behind the Group as a whole; to decide on any acquisition, sale, foundation, or liquidation of subsidiaries; and to approve investment decisions exceeding CHF 500 000
- To define the Group's organizational structure and its organizing regulations
- To define the Group's financing strategy; decide on collective means of financing; to determine accounting, financial control and financial planning; and to approve the financial statements
- To appoint and dismiss Group Management and people entrusted with representation functions.

Apart from this, management is generally delegated to the CEO.

3.7 Information and Control Instruments vis-à-vis Executive Committee

As a rule, Group Management updates the Board of Directors and especially the Audit and Corporate Governance Committee on operations and the Group's financial position every month. In addition, the CEO and CFO report back on business and all matters of relevance to the Group at each Board meeting. Risk management forms an integral part of the Group's conduct of business. A formal risk management review and subsequently an update of the risk profiles are performed by the Business Units and the Executive Committee. The Executive Committee ensures that appropriate measures are taken to mitigate risks. The Board of Directors is informed in the Board of Directors' meetings of the Group's risk profile and mitigating action plans. If the Group is exposed to major new risks, the Chief Executive Officer or his deputy will inform the chairman of the Board of Directors immediately after he became aware of the risk. Further detail regarding Gurit's Risk Management is provided in the Group Business and Financial Review on page 13-14 of this Annual Report.

Every member of the Board of Directors also has the right to ask any member of Group Management for information about matters within his remit, even outside meetings.

The Chairman of the Board of Directors is also informed by the Chief Executive Officer about all business and issues of a fundamental nature or of special importance.

4. Executive Committee

On December 31, 2019, Gurit Holding AG's Group Management consisted of the CEO and the CFO as well as six other members of the Executive Committee. The personal details together with the other activities and vested interests of the individual members of the Executive Committee are listed below:

4.1 Members of the Executive Committee

Rudolf Hadorn

Chief Executive Officer
lic. oec. HSG
Swiss citizen, 1963



Professional Background (Main Stages)

1989 – 2000	Management and Executive positions with GM in Europe
2000 – 2002	CEO, Krone GmbH, Berlin, Germany CFO, Krone Group
2002 – 2004	CFO, Ascom Group, Berne, Switzerland
2004 – 2007	CEO, Ascom Group, Berne, Switzerland
Since November 1, 2007	CEO, Gurit

Other Important Activities and Vested Interests

Chairman, Telematix AG, Berne, Switzerland
Chairman, Ticos Engineering AG, Feuerthalen, Switzerland

Philippe Wirth

Chief Financial Officer
lic. oec. publ.
Swiss Citizen, 1972



Professional Background (Main Stages)

2000 – 2017	Senior Finance Positions and Director of Global Business Transformation Program at Mettler Toledo
2017 – 2019	Chief Financial Officer at Crealogix, Zurich
Since October 21, 2019	Chief Financial Officer, Gurit

Emiliano Frulloni

Chief Technology Officer
 PhD in Materials Science and Technology, University of Perugia
 MBA Manchester Business School
 Italian and British citizen, 1974

**Professional Background (Main Stages)**

2005	Development Engineer, Cytec Engineered Materials
2009	R&D Group Leader, Cytec Engineered Materials
2013	Global R&D Director Composite Product Development, Cytec
2015	Global R&D Director Composite Product Development, Solvay
Since November 1, 2018	Chief Technology Officer, Gurit

Hannes Haueis

Head of Group Human Resources
 Degree in Electrical Engineering
 Austrian citizen, 1962

**Professional Background (Main Stages)**

1997 – 2004	Head of Global Training & Development, Unaxis AG, Switzerland
2004 – 2009	VP Human Resources / Corporate People Development, OC Oerlikon, Switzerland
2009 – 2012	VP Human Resources / Learning & Development, SR Technics AG, Switzerland
2012 – 2014	VP Human Resources, Kaba Holding AG / Division ADS EMEA / AP, Switzerland
Since October 1, 2014	Head of Group Human Resources, Gurit

Stefan Gautschi

General Manager Gurit Composite Materials
 MBA University of Little Rock at Arkansas
 BA Business Administration HWV, Zurich
 Swiss citizen, 1968

**Professional Background (Main Stages)**

1995 – 2000	Functions in Finance and Marketing, Georg Fischer Piping Systems, Schaffhausen, Switzerland
1997 – 1998	CFO/Controller, Georg Fischer Sloane Inc., Little Rock, AR, USA
2001 – 2003	General Manager, Georg Fischer Piping Systems Shanghai Ltd, Shanghai, China
2004 – 2009	CFO/CIO, Georg Fischer Piping Systems, Schaffhausen, Switzerland
2009 – 2011	VP Operations, Georg Fischer Piping Systems, Schaffhausen, Switzerland
2011 – 2012	VP Global Business Unit Utility, Georg Fischer Piping Systems, Schaffhausen, Switzerland
Since February 1, 2013	General Manager Gurit Composite Materials

Other Important Activities and Vested Interests

Member of the Board of Swiss Plastics Association

Michael Muser

General Manager Gurit Aero
Dipl.-Ing (aer), Technical University Stuttgart
German & US Citizen, 1973



Professional Background (Main Stages)

2001 – 2008	Management positions with EADS in Germany
2009 – 2017	Head of Business Unit, Ingersoll Machine Tools, USA
2018	Head of Production Organisation, Dornier Seawings, Germany
Since January 1, 2019	General Manager Aero, Gurit

Frank V. Nielsen

General Manager Gurit Kitting
Aalborg University
Industrial Engineer, Composite Materials
Danish Citizen, 1965



Professional Background (Main Stages)

1985 – 1989	Industrial Engineer Composite Materials. Aalborg University.
1990 – 1995	Research Engineer. Vestas Windsystems A/S. Denmark.
1999 – 2000	COO Blades. Vestas Windsystems A/S. Denmark
2001 – 2008	VP Engineering. LM Windpower A/S. Denmark
2008 – 2014	CTO LM Windpower A/S. Holland
2014 – 2018	CEO JSB A/S Denmark
Since October 1, 2018	General Manager Gurit Kitting

Other Important Activities and Vested Interests

Member of the Board of Directors Rope Robotics A/S
Member of the Board of Directors Fraunhofer IWES – Windenergie und Energiesystemtechnik

Binjiang Chen

General Manager Gurit Tooling
Ph.D. in Ceramic Science and Engineering, Alfred University, Alfred, NY, USA
M.S. in Materials Science, Changchun Inst. of Optics and Fine Mechanics, Changchun, China
US Citizen, 1961



Professional Background (Main Stages)

1998 – 2004	Various Management positions in USA and China at Philips Electronics
2004 – 2009	General Manager Metaldyne, Automotive Components Co. Ltd. Suzhou, China
2009 – 2011	General Manager and VP of Asia Pacific, VSG China, Dover Corp.
Since July 1, 2011	General Manager Gurit Tooling

4.2 Statutory Number of Permitted Activities

According to paragraph 27 of the Articles of Association, a member of the Executive Committee may hold

- a maximum of three mandates in listed legal entities outside the Gurit Group
- and a maximum of 10 mandates in non-listed legal entities outside the Gurit Group

provided that the timely availability of the respective member permits such mandate and the Board of Directors has granted its prior consent thereto.

4.3 Management Contracts

No agreements pertaining to the provision of managerial services exist between Gurit Holding AG and other companies or natural persons outside the Gurit Group.

5. Compensation, Shareholdings, and Loans

5.1 Content and Method of Determining Compensation and Shareholdings

The information on compensation, shareholdings and loans regarding members of the Board of Directors and Group Management are presented in the Compensation Report as a separate chapter of this Annual Report on pages 38 to 51.

5.2 Statutory Provisions on Compensation, Shareholdings and Loans

The statutory provisions on compensation, shareholding and loans are outlined in the paragraphs 21, 22, 23, 25 and 28 of the Articles of Association, available on the Gurit website at:

<http://www.gurit.com/About/Corporate-Governance>

5.3 Statutory Provisions on Compensation Vote by the General Meeting of Shareholders

The statutory provisions on the vote on pay at the general meeting of shareholders is outlined in paragraph 24 of the Articles of Association, available on the Gurit website at:

<http://www.gurit.com/About/Corporate-Governance>

6. Shareholders' Participation Rights

Details of shareholders' participation rights can be found in the Articles of Association of Gurit Holding AG on the Gurit website at:

<http://www.gurit.com/About/Corporate-Governance>

6.1 Voting Right Restrictions and Representation

The Articles of Association contain no restrictions on voting rights. Every registered or bearer share represented at the General Meeting is entitled to one vote. A shareholder may be represented at the General Meeting only by the independent proxy holder or by another shareholder attending the General Meeting.

6.2 Statutory Quorum

Unless otherwise determined by law or the Articles of Association, a General Meeting convened in accordance with the Articles of Association meets quorum regardless of the number of shareholders attending or the number of votes represented. To be valid, resolutions require an absolute majority of the votes submitted. In the event of a tie, the Chairman, who is always entitled to vote, makes the casting vote.

Important decisions of the General Meeting, as defined in article 704 paragraph 1 of the Swiss Code of Obligations, require at least two-thirds of the votes present and the absolute majority of the shares represented to pass.

6.3 Convocation of the General Meeting

The ordinary General Meeting takes place annually within six months of the end of the Company's fiscal year. Extraordinary General Meetings can be called by decision of the General Meeting, by the Board of Directors, at the request of the auditors or in the case that shareholders representing at least a tenth of the Company capital submit a request in writing, stating their purpose, to the Board of Directors.

The convocation is announced at least 20 days before the date of the meeting in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt). Registered shareholders are also informed in writing.

6.4 Agenda

The Articles of Association contain no regulations relating to agendas that differ from those set forth by the law. Accordingly, shareholders representing shares of a par value of CHF 1 million may request items to be included in the agenda.

6.5 Entries in the Share Register

The names and addresses of owners and beneficiaries of registered shares are entered in the share register. Shareholders and/or beneficiaries of registered shares are entitled to vote if they are already entered in the share register at the time when invitations are sent out to the General Meeting.

7. Changes of Control and Defense Measures

7.1 Public Purchase Offers

The threshold at which a shareholder is obliged to make an offer for all Gurit Holding AG's stock pursuant to the applicable provisions of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA, Art. 135 para.1) is set to 49% of the total votes.

7.2 Clauses on Changes of Control

Gurit Holding AG has no agreements containing clauses of this type.

8. Auditors

8.1 Duration of Mandate and Lead Auditor's Term of Office

If its predecessors are included, PricewaterhouseCoopers AG, Zurich, has been Gurit Holding's statutory auditors since 1984 and Group auditors since 1994.

Rotation of the lead auditor is undertaken every seven years and corresponds to the maximum statutory period for rotation. Patrick Balkanyi has been the lead auditor since 2014.

8.2 Auditing Fees

The total sum charged during the year under review by PricewaterhouseCoopers in its capacity as auditor amounted to CHF 509 961 (2018: CHF 552 792). Additional audit fees charged during the year by other audit firms amounted to CHF 67 305 (2018: CHF 41 915).

8.3 Additional Fees

Fees for additional services supplied by PricewaterhouseCoopers during the year under review amounted to CHF 23 706 (2018: zero). The additional fees represent 5% (2018: zero) of the auditing fees.

Fees in CHF	2019	2018
PwC Audit fees	509 961	552 792
PwC Other services fees	23 706	–
Total	533 667	552 792

8.4 Information Instruments Pertaining to the External Auditors

The supervision and verification of the external audit is exercised by the Audit and Corporate Governance Committee. The Audit and Corporate Governance Committee, together with Group Management, evaluates the performance of the auditors and recommends the independent external auditor to the Board of Directors for election by the General Meeting of Shareholders. Rotation of the lead auditor is undertaken every seven years and corresponds to the maximum statutory period for rotation.

The Audit and Corporate Governance Committee approves the audit plans and meets at least once a year with the auditors. The auditors prepare a report for the Audit and Corporate Governance Committee regarding the findings of the audit, the financial statement and the internal control. In collaboration with Group Management, the independence of the auditors is evaluated annually. In particular and for this purpose, the worldwide fees of the audit are presented; discrepancies with the estimated costs are analysed and explained. In the year under review, the auditors participated in all of the three meetings of the Audit and Corporate Governance Committee.

9. Information Policy

Gurit Holding AG maintains regular contact with the financial world in general and with important investors. At the same time, it abides by the legally prescribed principle of treating all parties equally as regards communication. Relevant new facts are published openly and are available to all interested parties.

Gurit Holding AG provides its shareholders with information in the form of the Annual Report and a Half-Year Report. These documents are available on the Company website at:

<http://www.gurit.com/Investors/Reports>

Important events are published immediately through press releases and/or letters to shareholders (push). To register for the latest financial information from Gurit Holding AG distributed by email, signup is available at: <http://www.gurit.com/Investors/News-Subscription>

Shareholders and other interested parties can also obtain information about the Group on the Internet (pull) at <http://www.gurit.com/Investors/Ad-hoc-Releases>

Compensation Report

This report describes the philosophy, policy and practices as well as the governance and architectural framework of the compensation system for all employees and the members of the Board of Directors of Gurit. The report discloses information regarding variable, performance-based compensation as well as fixed, performance-independent compensation, including the share participation schemes of the members of the Executive Committee and the members of the Board of Directors.

1. Compensation Philosophy

Gurit's compensation system is designed to align the interests of the Board of Directors, the Executive Committee, additional key managers and all other employees across the whole Group with the long-term goals of the Company and the interests of the shareholders. Gurit is a globally active industrial group operating in a competitive marketplace. The compensation system is therefore intended to enhance Gurit's ability to recruit and retain a talented and performing workforce. The system also seeks to motivate Gurit employees at all levels to adopt an entrepreneurial stance; to strive for above-market-average performance, accountability and value creation; and to reward individuals according to pre-defined targets and objectives.

Gurit maintains a compensation system in accordance with the employment practices relevant in the various countries in which the Company operates. In the context of Gurit's compensation system, the total compensation for an individual employee generally reflects the required qualifications, the scope and complexity of a person's role, national legal requirements and employment conditions in the relevant countries, the overall business performance, and the person's individual performance.

Gurit is convinced that a well-balanced compensation system, which includes a sound mix of fixed elements as well as performance-related compensation, supports a sustainable business, employee loyalty and entrepreneurship.

2. Compensation Reporting Standards

Unless otherwise indicated, all information disclosed in this report refers to the fiscal year ending on December 31, 2019. This report follows article 13 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies and the Swiss Code of Best Practice for Corporate Governance published by economiesuisse.

It also complies with chapter 5 of the Annex to SIX Swiss Exchange's Directive on Information relating to Corporate Governance and the Swiss Code of Obligations. In addition, the compensation system is coherent with Gurit's Code of Conduct, which establishes comprehensive guidance of business principles applicable throughout the Group.

3. Compensation Governance

Responsibilities of the Annual General Meeting of Shareholders

The Annual General Meeting approves all compensation paid to the members of the Board of Directors as a group prospectively for the period from the date of the ordinary Annual General Meeting until the next ordinary Annual General Meeting.

It furthermore approves the maximum fixed compensation paid to the members of the Executive Committee for the period from July 1 following the date of the ordinary Annual General Meeting to June 30 the year after, as well as the maximum variable compensation paid to the same employees for the period from January 1 to December 31 of the year in which the Annual General Meeting takes place (see graphic "Compensation Vote at the AGM").

Responsibilities of the Board of Directors

The Board of Directors is ultimately responsible for the compensation system and the formulation of the proposals to the Annual General Meeting regarding compensation.

Responsibilities of the Nomination and Compensation Committee (NCC)

The Nomination and Compensation Committee is responsible for the design and maintenance of the compensation systems for members of the Board of Directors, the Executive Committee and all other Gurit employees.

The Nomination and Compensation Committee proposes the fixed compensation (in cash, benefits and shares) for members of the Board of Directors, the CEO and the other members of the Executive Committee to the Board of Directors and the ordinary Annual General Meeting of Shareholders.

The Nomination and Compensation Committee reviews the allocation of shares to Gurit employees under the Share Participation Plan for Management.

The Nomination and Compensation Committee furthermore reviews the Executive Committee’s proposals regarding Group- or Business-Unit-related performance objectives for the Group-wide bonus plan. It also reviews the resulting bonus payments within the limits approved by the ordinary Annual General Meeting of Shareholders, based on target achievement ratios calculated by the CFO.

The Committee reserves the right to propose amendments to the Group or Business Unit performance targets and the required achievement levels to take major changes in the economic environment into consideration.

Furthermore, the Articles of Association define the additional responsibilities of the Nomination and Compensation Committee.

Responsibilities of the CEO

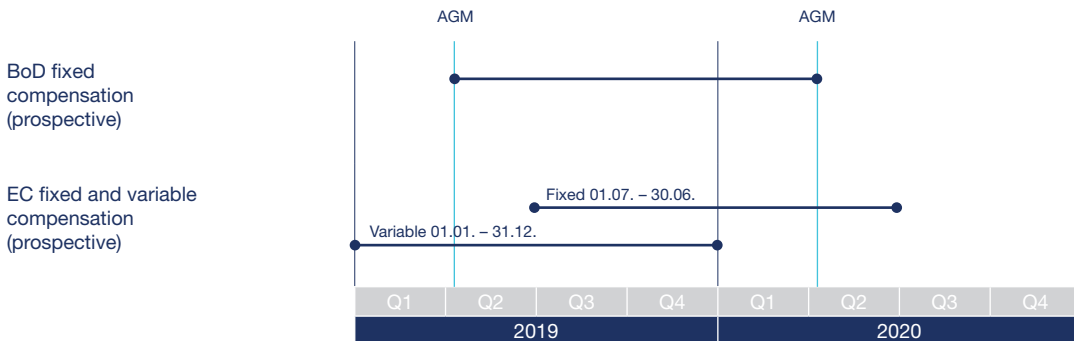
The CEO proposes the compensation for the members of the Executive Committee to the Nomination and Compensation Committee.

Responsibilities of the Executive Compensation Committee

The Business Unit managers and the CEO approve the objectives of the Performance Incentive Schemes for production and sales employees and the evaluation of the achievement of these objectives.

Furthermore, the Executive Compensation Committee (ECC = CEO, CFO and Head of Group HR) proposes the Group or Business Unit performance-related objectives for the Performance Incentive Scheme for other employees to the Nomination and Compensation Committee.

Compensation Vote at the AGM



To ensure market competitive compensation, Gurit benchmarks the Board of Directors and the Executive Management compensation with 12 comparable Swiss-based industry companies from the SPI (Swiss Performance Index).

Some of the companies involved are: Rieter Holding AG, Burckhardt Compression AG; Feintool Holding AG, Interroll Holding AG, Huber & Suhner Group, Belimo Holding AG, Bossard Holding AG, CPH Chemie + Papier AG, Kardex Group AG, Komax Holding AG, Phoenix Mecano AG, Schweiter Technologies AG.

In addition, Gurit collaborates with an international consultancy firm which supports Gurit in benchmarking the compensation system and salary levels in comparison to industry standards relative to the respective countries, regions and skill levels. This collaboration aims to increase transparency, to ensure appropriateness of senior management compensation and to further improve the Company's career development paths.

The compensation governance can be summarized as shown in the table "Overview Compensation Governance".

Overview Compensation Governance

Recipient	Compensation system design	Bonus plan objectives	Compensation proposal
Production employees	NCC BoD	Line Mgr BU Mgr and CEO	Line Mgr BU Mgr and CEO
Sales employees	NCC BoD	Line Mgr BU Mgr and CEO	Line Mgr BU Mgr ECC
Share Plan Participants	NCC BoD	NCC BoD	ECC ECC NCC and BoD AGM for EC
Senior Management and other employees	NCC BoD	ECC NCC BoD	Line Mgr BU Mgr ECC
Members of the Executive Committee	NCC BoD	CEO NCC BoD	CEO NCC and BoD AGM
CEO	NCC BoD	NCC BoD	NCC BoD AGM
BoD members	NCC BoD	n.a.	NCC BoD AGM

Body which recommends

Body which decides (reviews EC relevant governance elements)

Body which approves

NCC = Nomination and Compensation Committee; BoD = Board of Directors; AGM = Annual General Meeting; EC = Executive Committee;

ECC = Executive Compensation Committee (CEO, CFO and Group HR); Mgr = Managers

4. Compensation Policy and Key Elements

The total compensation for the majority of Gurit employees consists of a fixed salary component and a variable, performance-related bonus element. These two elements together form the target market salary for a given position.

4.1 Fixed Salary Components

The fixed compensation elements at Gurit consist of the following elements:

- Fixed cash compensation (base salary)
- Pension plans and social security cost according to the applicable jurisdiction
- Fringe benefits such as company car and parking allowances for certain employees
- A share-based compensation for the members of the Board of Directors. These shares are subject to a blocking period of three years from the date of the grant. During the blocking period the members of the Board of Directors cannot sell the shares. The shares are considered at the value of the date they are granted.

The fixed cash compensation is reviewed annually, taking into account inflation and the situation of the employment markets in the countries where the respective employees are employed, as well as individual performance and changes in responsibilities.

4.2 Performance-Related Variable Salary Components

The performance-related variable compensation elements of Gurit's compensation system consist of the following:

- Performance-related cash payments as defined by Gurit's Performance Incentive Scheme
- Gurit's Share Participation Plan for Management (SPPM)
- In exceptional cases: limited individual bonuses for special achievements (not for the CEO or members of the Executive Committee)

	Board of Directors	Executive Committee	Senior Managers	Other employees	Sales	Production employees
Variable performance related salary components		Gurit Share Participation Plan (6)				
		Gurit Performance Incentive Scheme (5.3)			Gurit Sales Incentive Scheme (5.2)	Shop Floor Bonus (5.1)
Fixed salary components	Fixed granted shares					
	Fixed cash	Fixed cash (base salary)				

5. Cash-Based Performance Incentive Schemes

Gurit's cash-based Performance Incentive Scheme defines performance-related payments and covers all Gurit employees. It is essentially made up of the following three distinct elements:

5.1 Performance Incentive Scheme for Production Employees

As defined by the Performance Incentive Scheme, for those sites participating on the Gurit Shop Floor program for production employees (Shop Floor Bonus), the cash bonus of production staff can range from 0% to 5% of a person's fixed annual salary at target goal achievement. If the target is outperformed, it can reach a maximum of 8%. The objectives for this bonus are defined at site level by the site management and approved by the respective Business Unit manager and the CEO. The key performance indicators (KPI's) include objectives for health and safety, quality, productivity and individual attendance. The achievement of these objectives is assessed with all operations employees four times per year, or in certain cases monthly, and the bonus is generally paid on a quarterly basis, reflecting the need for operational flexibility. The bonus payments are calculated by the local site management and approved by the respective Business Unit manager and the CEO.

5.2 Performance Incentive Scheme for Sales Employees

As defined by the Performance Incentive Scheme for sales employees (Sales Incentive Scheme), the cash bonus of sales employees can range up to 50 % of a person's fixed salary of which three-quarters are linked to the achievement of the sales budget and one-quarter to the achievement of individual qualitative objectives. The sales targets are defined in the context of the Group's budgeting process and are approved in their entirety as part of the Group's budget by the Executive Committee and the Board of Directors. The individual targets are set and evaluated by the line manager of the respective sales employee and approved by the Business Unit Head.

5.3 Performance Incentive Scheme for Other Employees

As defined by the Performance Incentive Scheme for those employees participating on the Gurit Performance Incentive Scheme, the cash bonus for all other employees consists of a general performance element related to the relevant Business Unit, Sub-Unit or the total Group plus an individual performance element.

Summary Bonus Components

Recipient	Group performance component	Business Unit or Sub-Unit performance component	Total general performance bonus component	Individual bonus component	Total maximum bonus
CEO	80%	–	80%	20%	100%
Business Unit / Sub-Unit Manager	50%	30%	80%	20%	100%
CFO & Corporate Functions	60%	–	60%	40%	100%
Business Unit Functions	30%	30%	60%	40%	100%

The total bonus achievable for an employee under this scheme may vary between a maximum of 8 % and a maximum of 100 % of the respective fixed salary, depending on the employee's level of responsibility:

- CEO: up to 100 % of the annual base salary
- Executive Committee members: up to 50 % of the annual base salary
- Managers or senior staff members: up to 15 % or 30 % of the annual base salary, depending on the management level
- Other employees: up to 8 % of the base salary.

5.3.1 Business Unit, Sub-Unit, and Group

General Performance Bonus Component

The Business Unit, Sub-Unit, and Group general performance bonus component is calculated annually considering typically all of the following KPI's or the Operation Profit only: 1) Net sales, 2) Operating profit excluding one-off income and expenses, Group and sales bonus expenses and 3) Net working capital per Business Unit/Sub-Unit or Group.

The respective minimum objective levels, target levels and cap levels are proposed by the ECC, reviewed by the Nomination and Compensation Committee and approved by the Board of Directors.

At the end of the fiscal year, the Business Unit, Sub-Unit, and Group general performance bonus achievements are calculated by the CFO and proposed by the Nomination and Compensation Committee for approval to the Board of Directors. Bonus payment starts with the achievement of the minimum objective level, increases linearly to a 66.7% payout of the maximum bonus at achievement of the target level and then rises again linearly to full maximum payout at achievement of the cap level. During the year under review, the minimum levels were in general between 10% and 20% below the target levels, and the cap levels exceeded the target levels in general by between 10% and 20%. No bonus is paid if the minimum objective level has not been achieved.

5.3.2 Individual Bonus Component

The fulfillment level of the individual and/or factory-related objectives are assessed on an annual basis by the line manager for each person, based on objectives and targets defined in the first quarter of each business year. The individual bonus element represents between 20 % to 40 % of the total maximum bonus as shown in the table "Summary Bonus Components".

Bonuses under the Performance Incentive Scheme are paid out, directly after publication of the annual results.

5.3.3 Limited Individual Bonus for Special Achievements

In exceptional cases some limited, individual bonuses for special achievements may be granted. Upon proposal by the respective superior, the ECC may approve the granting of such special bonuses. Such limited, individual bonuses may not be granted to the CEO and the other members of the Executive Committee.

6. Share-Based Compensation for Selected Categories of Management

The Group's Share Participation Plan for Management (SPPM) aims at providing to the Executive Committee and the next level of management a part of their performance-related compensation in form of Gurit bearer shares to build their long-term commitment to Gurit and to align their interests with the interests of Gurit shareholders. The share-based compensation amount of the various management levels is determined every year by the Nomination and Compensation Committee and approved by the Board of Directors. It does not form part of the employment contract. The shares granted under this plan are blocked for a period of three years, during which the employee cannot sell the shares.

Shares granted under this plan form part of the variable compensation, as the amount of shares granted is subject to the achievement of the following main performance criteria:

- a) Market environment, includes:
 - Market demand development
 - Competitive situation
 - Main cost factor impacts
 - Statutory environment
 - Currency swings
- b) Strategy deployment, includes:
 - Group strategy deployment and achievement
- c) Prospective cash development and financial results relative to competition:
 - Prospective cash development
 - Results in perspective to competition

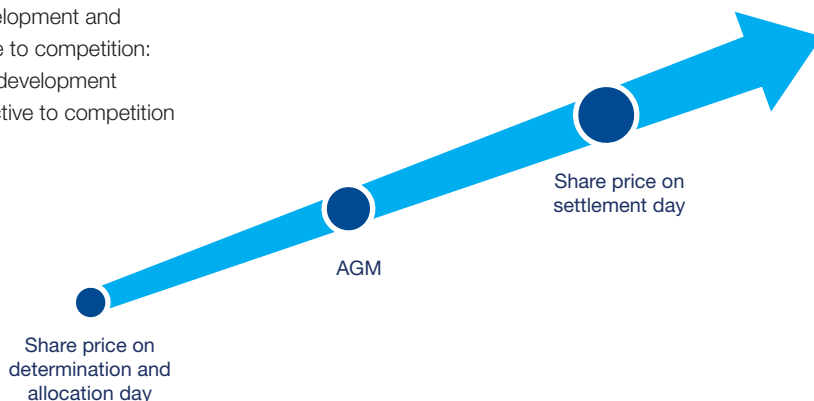
The level to which these criteria are achieved is assessed early in the year following the year under review by the Nomination and Compensation Committee. Depending on the level of achievement, the number of shares granted varies between 50% and 150% of the target number of shares fixed for each level of management as follows:

Share-based compensation at 100% target achievement:

- CEO: 300 shares
- Executive Committee members: 50 shares
- Managers or senior staff members: between 15 and 50 shares, depending on the management level.

The shares are blocked for a period of three years and are transferred to the share plan participants some 5-10 days after the Annual General Meeting of Shareholders. Therefore, the closing price on the day on which the shares are actually transferred might vary from the closing price on the day (allocation day) on which the total number of shares was determined and allocated by the Nomination and Compensation Committee and approved by the Board of Directors. This might deviate from the maximum amount of share-based compensation if the share price has increased in the period between these dates.

Potential Deviation in Share Closing Prices:



7. Compensation for Members of the Executive Committee and the Board of Directors

7.1 CEO

The fixed compensation for the CEO (base salary) is based on what the Nomination and Compensation Committee assessed and benchmarked as the industry standard for comparable, listed Swiss industrial companies of a similar size in terms of net sales (around CHF 500 million) and complexity, based on the Nomination and Compensation Committee's members' experience as well as on collaboration with an international consultancy company which supports Gurit in benchmark compensation and salary levels (as indicated on page 41).

The CEO benefits from a pension scheme of which half of the premiums are financed by him. The part financed by Gurit is disclosed as part of the other compensation in article 8 of this report.

The CEO is entitled to performance-related cash compensation according to the Performance Incentive Scheme described above. He is entitled to a performance-related cash bonus payment of a maximum of 100 % of his base salary. 20 % of the performance-related bonus depends on the achievement of individual targets set by the Nomination and Compensation Committee and approved by the Board of Directors. The remaining 80 % depends on the achievement of the general Group Performance Bonus component.

The CEO is entitled to receive shares as part of the Group's Share Participation Plan for Management (SPPM). The amount of shares granted will vary between 150 and 450 shares per annum. The total variable compensation (shares and cash bonus) is capped and must not exceed 100 % of the CEO's total fixed compensation.

7.2 Other Members of the Executive Committee

The fixed compensation for the other members of the Executive Committee (base salary) is based on the market and employment conditions in the relevant country as gathered from various sources; it also reflects the individual qualifications and requirements needed for the specific position.

A supplementary pension scheme exists for certain members of the Executive Committee according to the practices of the countries in which the person is employed. Half of the premiums are financed by the members themselves. The part financed by Gurit is disclosed as part of the other compensation in article 8 of this report.

The other members of the Executive Committee are also entitled to shares granted according to the Group's Share Participation Plan for Management (SPPM). The granting of such shares is subject to certain performance criteria as described above under article 6 and is considered part of the variable compensation. The annual amount of shares granted varies between 25 and 75 shares per annum.

The other members of the Executive Committee are furthermore entitled to a performance-related cash compensation based on the Performance Incentive Scheme described above. As such, they are entitled to a performance-related cash bonus of a maximum of 50% of their base salary. 20 % to 40 % of their bonus depend on the achievement of individual targets set by the CEO, reviewed by the Nomination and Compensation Committee and approved by the Board of Directors. The remaining 60 % to 80 % depend on the achievement of the Business Unit and Group bonus components. The total variable compensation for other members of the Executive Committee (shares and cash bonus) must not exceed 100 % of their base salaries.

7.3 Members of the Board of Directors

The fixed compensation for the members of the Board of Directors is based on what has been assessed by the Nomination and Compensation Committee as the industry standard for comparable, listed Swiss industrial companies of a similar size in terms of net sales (around CHF 500 million) and complexity, based on the Nomination and Compensation Committee's members' experience. It includes an element of fixed cash compensation and an element of fixed share-based compensation (as indicated on pp. 47).

A performance-based incentive scheme does not exist for the members of the Board of Directors.

8. Management Compensation 2019/2018

The following tables show the compensation for the Board of Directors and the Executive Committee in 2019 and 2018. Fixed other compensation includes pension contributions and social benefits relating to the fixed compensation. For one member who stepped down from the Executive Committee in 2019, Fixed other compensation includes his pro-rata compensation from the date he stepped down from the Executive Committee to December 31, 2019. Variable compensation contains the accrued variable compensation (including related accrued social benefits), which are paid out in the calendar year following the calendar year under review.

The amount of the share-based compensation for 2019 was calculated based on a share price of CHF 1 595 per share. This corresponds to the average closing share price of the five days actual stock price trading before the date of the NCC meeting on February 17, 2020. Due to the share price fluctuation, the effective settlement value may be higher or lower on the settlement date in April 2020. In 2018, the share-based compensation was calculated based on a share price of CHF 958, based on the average closing share price of the five days actual stock price trading before the date of the NCC meeting on February 15, 2019.

In 2019, the performance-related compensation for the members of the Executive Committee varied from 15% to 100% (2018: 0% to 84%) of the individual fixed compensation.

Gurit does not pay any exit bonuses or make any severance payments.

There was no compensation paid to former members of governing bodies during the year under review. There were no transactions with current or former members of the Board of Directors or the Executive Committee (or parties closely linked to them) at conditions that were not at arm's length.

No loans, securities, advances, or credits were granted to members of the Board of Directors or the Executive Committee (or parties closely linked to them). There are no options issued on Gurit bearer shares on December 31, 2019, in the context of a participation program.

Management Compensation 2019/2018

In CHF 1000

2019

	Fixed cash compensation	Fixed share-based compensation	Fixed other compensation	Variable cash compensation	Variable share-based compensation	Total compensation
Board of Directors						
Peter Leupp (Chairman)	250	80	–	–	–	330
Stefan Breitenstein (member)	80	40	–	–	–	120
Bettina Gerharz-Kalte (member)	80	40	14	–	–	134
Nick Huber (member)	80	40	14	–	–	134
Urs Kaufmann (member)	80	40	14	–	–	134
Philippe Royer (member)	80	40	14	–	–	134
Total Board of Directors	650	280	56	–	–	986
	66%	28%	6%	0%	0%	100%
Executive Committee						
Rudolf Hadorn (CEO)	630	–	140	507	263	1 540
Other members*	1 791	–	521	710	530	3 552
Total Executive Committee	2 421	–	661	1 217	793	5 092
	47%	0%	13%	24%	16%	100%
Total Management compensation	3 071	280	717	1 217	793	6 078
	50%	5%	12%	20%	13%	100%

* The annual average number of other Executive Committee Members in 2019 was 6.5

In CHF 1000

2018

	Fixed cash compensation	Fixed share-based compensation	Fixed other compensation	Variable cash compensation	Variable share-based compensation	Total compensation
Board of Directors						
Peter Leupp (Chairman)	250	48	–	–	–	298
Stefan Breitenstein (member)	80	24	–	–	–	104
Nick Huber (member)	80	24	14	–	–	118
Urs Kaufmann (member)	80	24	14	–	–	118
Peter Pauli (member)	80	24	–	–	–	104
Total Board of Directors	570	144	28	–	–	742
	77%	19%	4%	0%	0%	100%
Executive Committee						
Rudolf Hadorn (CEO)	630	–	141	344	308	1 423
Other members*	1 249	–	257	384	208	2 098
Total Executive Committee	1 879	–	398	728	516	3 521
	53%	0%	11%	21%	15%	100%
Total Management compensation	2 449	144	426	728	516	4 263
	58%	3%	10%	17%	12%	100%

* The annual average number of other Executive Committee Members in 2018 was 4.0

9. Management Compensation Compared to Amounts Approved by the Annual General Meeting

The below table provides a comparison of the actual compensation amounts in the reporting year to the respective amounts approved by the Annual General Meeting.

	Fixed compensation Board of Directors April 10, 2019 - April 15, 2020		Fixed compensation Executive Committee July 1, 2018 - June 30, 2019		Variable compensation Executive Committee January 1, 2019 - December 31, 2019	
	Approved Maximum	Actual	Approved Maximum	Actual	Approved Maximum	Actual
Cash, in CHF 1000	650	650	1 958	2 164	1 640	1 117
Number of shares	175	175	–	–	975	454
Shares value at current price in CHF 1000	280	280	–	–	1 555	724
Social security and pension in CHF 1000	56	56	392	613	238	168
Addition for increase in EC members* in CHF 1000	–	–	940	–	–	–
Total	986	986	3 290	2 777	3 433	2 009

* Four additional Executive Committee members were appointed after the Annual General Meeting 2018. Emiliano Frulloni (November 1, 2018), Michael Muser (January 1, 2019), Bing Chen and Frank Nielsen (February 1, 2019). According to the Article 25 of Association of the Company the addition of the approved maximum fixed compensation amount for the Executive Committee of CHF 940 000 reflects the pro-rata increase over the originally approved total fixed compensation amount for the effective period of service.

Report of the Statutory Auditor to the General Meeting of Gurit Holding AG Wattwil

We have audited the accompanying compensation report (section 8) of Gurit Holding AG for the year ended December 31, 2019.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report (section 8). We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report (section 8) of Gurit Holding AG for the year ended December 31, 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Patrick Balkanyi
Audit expert
Auditor in charge



Alexandra Fronckowiak
Audit expert



Zurich, February 24, 2020

Sustainability Report

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United Nations Global Compact

Gurit supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

Gurit has joined the UN Global Compact in February 2020 and commits to report on progress in its Sustainability Report 2020 and annually thereafter.

What is the UN Global Compact?

The UN Global Compact is the world's largest corporate sustainability initiative with over 13 000 participants in 170 countries. The UN Global Compact was announced by Kofi Annan in January 1999. Its aim is to promote responsible business practices and UN values among the global business community



Rudolf Hadorn
CEO, Gurit

WE SUPPORT



The Ten Principles of the United Nations Global Compact

Human Rights

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 Make sure that they are not complicit in human rights abuses.

Labour

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 The elimination of all forms of forced and compulsory labour;
- 5 The effective abolition of child labour; and
- 6 The elimination of discrimination in respect of employment and occupation.

Environment

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 Undertake initiatives to promote greater environmental responsibility; and
- 9 Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

www.unglobalcompact.org



**With passion
for a sustainable future**



Our vision Our mission

Our mission is in wind energy and lightweighting.

We are a system partner for wind energy customers globally, with focus on the wind turbine blade. With our unique offerings and in-depth understanding of the value chain we help to increase wind energy competitiveness and promote its sustainable growth. For lightweighting applications we use our knowledge and expertise to provide high-performance materials and engineering.



Foreword by
Rudolf Hadorn
CEO

With Passion for a Sustainable Future

"With passion for a sustainable future": this is our new vision. At the end of 2019 the Executive Committee has revised Gurit's vision, mission and value statements and put sustainability as an essential part of our greater purpose. Sustainability has also become one of five core values that staff members will use to guide and direct their daily work. This means that we behave responsibly and in all we do we take care of the natural, social as well as economic environment.

We are serious about this commitment and we want to make sure that it is going to drive our business forward. An internal roll-out process has started at the beginning of 2020 and this Sustainability Report is part of this process. We believe that we can only be successful in the long run as a well-managed, sustainable company. We have environmental, social and economic responsibilities for our own future and that of our children.

Our mission is in wind energy and lightweighting

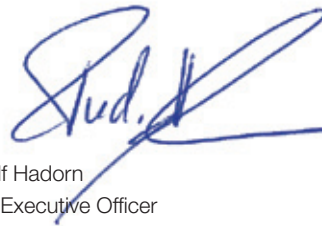
We are a system partner for wind energy customers globally, with focus on the wind turbine blade. With our unique offerings and in-depth understanding of the value chain we help to increase wind energy competitiveness and promote its sustainable growth and success. For lightweighting applications we use our knowledge and expertise to provide high-performance materials and engineering. With our know-how and our integrated offerings we contribute to increased efficiency and new high performing as well as fuel-saving applications in aerospace, marine, rail and many other industries

This is a mission to be proud of. Our business serves a good purpose: the production of renewable wind energy and the reduction of fossil fuel consumption and enabling transport innovations through lightweighting.

Health and safety

What are some of the exemplary actions Gurit is taking in sustainability? Environmental health and safety comes first and Gurit is committed to reduce the occupational accident rate across Gurit by half in three years' time and to foster our related safety-first culture. In our product strategies we focus on reducing environmentally hazardous input substances and replacing them with more environmentally friendly and recyclable ones – recycled PET and balsa wood are the most prominent examples. UV light visible contamination tracing when using our lamination resin systems is another Gurit innovation to help protect production staff at our customer sites. In our footprint strategy we strive to co-locate core material production and kitting sites to recycle process waste, rather than disposing of and losing it. Co-location and "regionally produced for region sold" footprint methods help avoid unnecessary transport activities – they reduce CO₂ and cost. In 2020, Gurit will also define its CO₂ neutrality timeframe and action targets. Gurit is on mission in sustainability and we do it for our future.

Best regards



Rudolf Hadorn
Chief Executive Officer
February 2020

1 GRI 102-104: Statement from senior decision maker; GRI 102-16: Values, principles, standards, and norms of behavior; GRI 102-29: Identifying and managing economic, environmental, and social impacts

Our Commitment to Sustainability

What it means for Gurit and where we prioritise our efforts

Health and Safety

We have launched a “safety-first” initiative and have undertaken substantial efforts to provide our customers with products complying with best-in-class health & safety standards. In terms of accidents at the workplace we want to reduce them by 50% within three years, or -17% per year. In terms of chemical safety we will phase out various chemicals of concern by 2022.

Sustainable core materials

We are facilitating a transition from thermoset to the more sustainable thermoplastics (PET). We will use up to 100% recycled PET for our PET core materials range. We support the growth of the Balsa wood offering as a naturally grown, carbon capturing core material.

Co-location of our PET extruders and kitting services and operate “region-for-region” wherever possible

We strive to save emissions and cost generated by transportation between sites, maximise the recycling of kitting waste and working capital cost and provide a competitive product for our customers.

Carbon neutrality

In 2020 we want to set ourselves a time frame and targets to become a carbon-neutral company.

Renewable energy

As a supplier to the wind turbine industry our business serves the promotion and growth of renewable energy. By providing competitive and innovative products we help this industry grow and thus replace fossil fuels faster.

2 GRI 102-15: Key impacts, risks, and opportunities; GRI 102-47: List of material topics; GRI 102-16: Values, principles, standards, and norms of behavior



Markets served



576.4
million CHF

Net sales

Over 300 million
recycled bottles



(or 5050 tonnes of PET)
used for core
materials production

At a glance³

Gurit Holding AG is headquartered in Switzerland and listed on the Swiss stock exchange. Its subsidiaries are specialised in the development and manufacture of advanced composite materials, tooling for wind turbine blades as well as kitting services. The product range comprises structural core materials, fibre reinforced pre-pregs, formulated products as well as structural composite engineering. Gurit serves the global wind turbine industry as well as aerospace, marine, rail and many other industries.



25

Locations worldwide

Americas, Asia-Pacific, Europe/Middle-East

Organizational Profile Gurit Group

Gurit operates production sites and offices in Canada, China, Denmark, Ecuador, Germany, Indonesia, India, Italy, Mexico, New Zealand, Poland, Spain, Switzerland, Turkey, United Kingdom and the United States.

3 027

Employees



Employees by Gender

- female
- male



Employees by Age

- under 30 years
- 30 to 50 years
- above 50 years



Employees by Contract

- temporary
- permanent
- apprentices, interns
- workers, contractors

3 GRI 102: General Disclosures; GRI 102-3: Location of headquarters; GRI 102-6: Markets served; GRI 102-2: Activities, brands, products, and services. For additional information see the Gurit Annual Report 2019 and the Gurit website www.gurit.com

Gurit as a Global Player in Renewable Energy



"Renewables can ensure a climate-safe
and sustainable future. It's possible."

Francesco La Camera
Director-General, IRENA

In 2019 Gurit has re-focused its business and has become a major player in the global wind turbine industry. About three-quarters of Gurit's sales are generated from the renewable energy sector which has now turned into the world's most important source of new power generation capacity.

Wind energy is a clean, sustainable form of power generation. It serves society's current needs without harming future generations. Wind energy allows Gurit to do well by doing good. In 2019, in many parts of the world, wind power generation has also become financially sustainable as its cost is now at par or even lower than power generation from fossil fuels. In some markets, windfarms can be realized by private investors without being dependent on government subsidies. This advancement has become possible through increases in size and efficiency of modern wind turbines, enabled by modern production methods and advanced composite materials. Gurit's innovations in tooling equipment and core kitting services allow for reduced cycle times and cost savings. Sustainable core materials provided by Gurit, such as naturally grown balsa wood or PET foam produced from up to 100% recycled PET bottles also support the weight reduction and efficiency of wind turbines.

The wind energy industry still needs to address challenges such as the end-of-life use of materials, aiming towards a circular economy. Modern wind turbines are 85% recyclable, but the remaining 15% needs to be addressed as well. The industry is also aware that the placement of wind farms needs to take into consideration possible impacts on wildlife as well as potential visual and noise pollution for nearby human settlements. Modern turbines mitigate negative impacts by being more efficient, thus producing significantly more power with fewer turbines. Scientific evidence shows that the negative impact of wind power on birds is negligible at 0.01% of birds being affected.⁴ Bird populations are mainly threatened by climate change, a phenomenon wind power is helping to mitigate.

A challenge of renewable energy is the natural fluctuation of wind. The development of storage technology, different forms of batteries and green hydrogen provide promising growth perspectives for wind energy in the future.

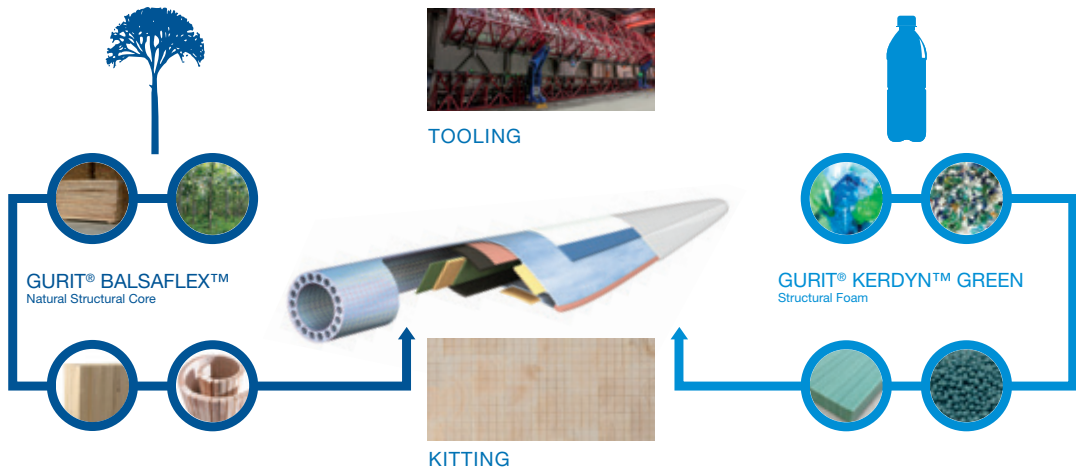
"Climate change has become a defining factor in companies' long-term prospects. Last September, when millions of people took to the streets to demand action on climate change, many of them emphasized the significant and lasting impact that it will have on economic growth and prosperity – a risk that markets to date have been slower to reflect. But awareness is rapidly changing, and I believe we are on the edge of a fundamental reshaping of finance."

Larry Fink
Chairman and CEO, Blackrock



4 Erickson WP, Wolfe MM, Bay KJ, Johnson DH, Gehring JL (2014) A Comprehensive Analysis of Small-Passerine Fatalities from Collision with Turbines at Wind Energy Facilities. PLoS ONE 9(9): e107491. <https://doi.org/10.1371/journal.pone.0107491>.
GRI 102-6: Markets served; GRI 201-2: Financial implications, risks and opportunities due to climate change.

Gurit Future Offerings for the Wind Industry

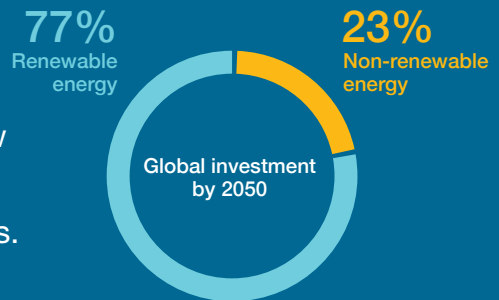


Why focus on Wind Energy?

For various reasons Gurit has decided to focus its activities around the wind turbine industry. The industry has matured and reached a considerable size. Additionally the following arguments have influenced this being a long-term sustainable decision:

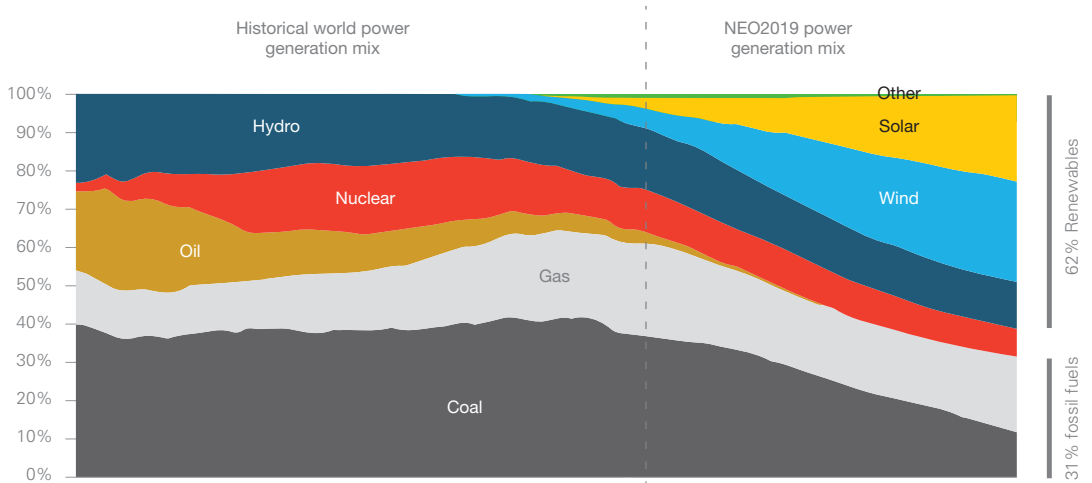
- Long term growth drivers for renewable energy
- Cost competitiveness at par/below non-renewable energy creation
- De-carbonisation of energy generation
- De-centralisation of energy generation
- Digitalisation of networks and consumers

"We see USD 13.3 trillion invested in new power generation assets of the 32 years to 2050. Of this, 77% goes to renewables. Wind attracts USD 5.3 trillion..."



Source: BloombergNEF New Energy Outlook 2019

Global Power Generation Mix



"Wind and solar make up almost 50% of world electricity in 2050 – “50 by 50” – and help put the power sector on track for 2 degrees to at least 2030."

Source: BloombergNEF New Energy Outlook 2019

Wind Energy Demand Outlook

Wind power capacity installed annually

Source: Wood Mackenzie 01/2020

Wind growth trends

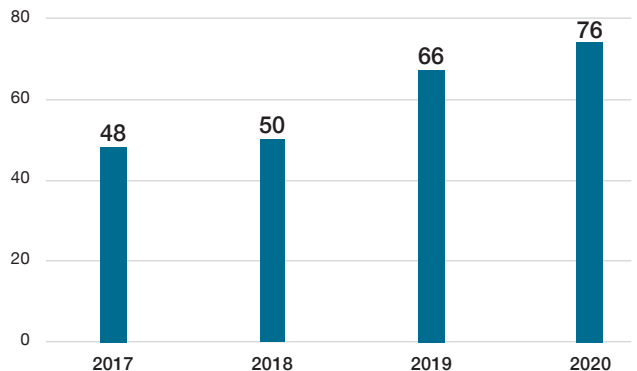
2020

Further increase forecasted to 76 GW

2021+

Overall demand situation may further improve:

- US PTC ends 2020 but offshore support in discussion
- India demand step-up 2020
- EU: reactions to missing the climate targets

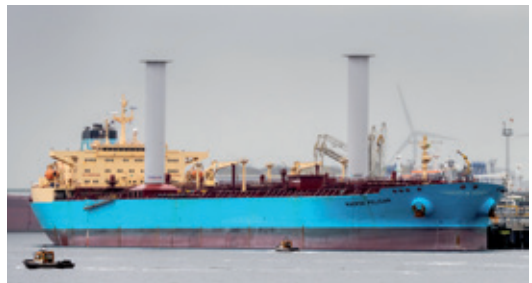


Lightweighting – a Sustainable Business Purpose

Besides renewable wind energy, the business mission of Gurit is dedicated to lightweighting. This means Gurit structural engineering support, advanced materials and services contribute to make things lighter and thus use less energy whenever these objects are in motion. This is the case for Aerospace, where Gurit provides lightweight materials for aircraft interior and non-structural parts. Lighter and higher performing materials contribute to a substantial reduction of fuel consumption and emissions, while adhering to the highest safety standards.

Gurit also supplies advanced composite materials for the railway industry. This includes structural and interior materials with favorable fire, smoke and toxicity (FST) properties. In rail, lightweighting helps not only the reduction in energy necessary for locomotion but also reduction in rail track wear and tear.

Another area of expertise is the Marine industry, where we are proud to supply the most competitive racing yachts with innovative materials. Gurit Structural Engineering and Materials specialists, alongside with customers and partners, are closely involved in various innovative projects that make transportation at sea more sustainable or even emission-free. Examples are the Oceanwings project, rotor sails, or a new zero-emission-electric ferry.



From top to bottom:

Aircraft interior materials fulfil specific requirements regarding strength, smoke- and heat-release

Oceanwings Energy Observer – a pioneer and ambassador for sustainability

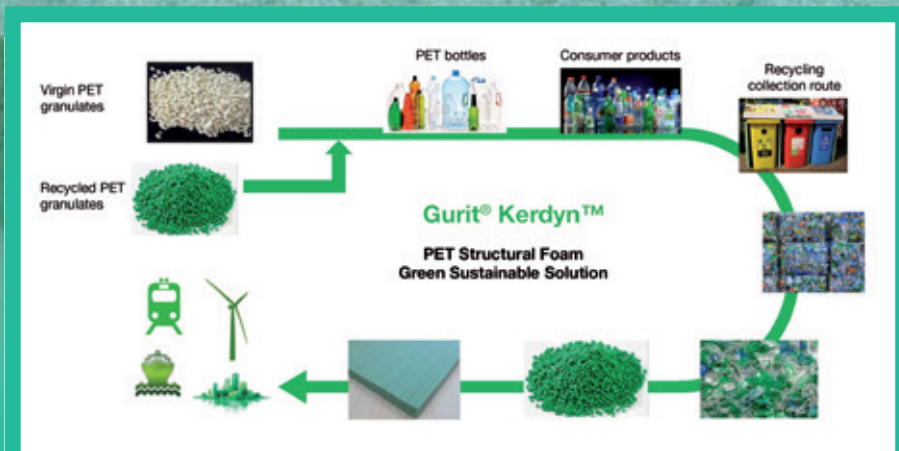
Two rotor sails assist the cargo ship "Maersk Pelican" to save fuel
Fully electric: East by West Ferries, New Zealand

Management Approach and Policy for Sustainable Lightweighting

1. **Health & safety:** customer health & safety is a priority for Product Development Teams. Where applicable, substances of concern (SVHC) are replaced with lower-toxicity or bio-based alternatives, either by developing new products or by re-formulating legacy products. Targets and phase-out plans are set and updated.
2. **Standards and regulations:** all applicable and known standards and regulations are respected and taken into consideration when developing products. This notably applies for health & safety, environmental standards, and fire regulation standards (FST properties) which Gurit facilitates to achieve in cooperation with individual customer projects.
3. **Lighter composite design:** less weight means less energy consumption or higher speed for any object in motion. Gurit is a competent partner for lightweighting with its teams of structural composite engineering and materials experts. Their competencies coupled with methods such as structural analysis (FEA) and 3D simulations help customers design safe and lightweight structures. Optimal and efficient use of materials means meeting customer specifications as well as safety standards and regulations in place.
4. **Green chemistry:** products are continuously re-formulated and wherever a viable green chemistry option of bio-based products exists, they are taken into consideration and prioritised.
5. **Carbon footprint and lifecycle analysis:** as an ambition to start in 2020, Gurit commits to evaluate adequate methods and procedures for a systematic carbon footprint and lifecycle analysis.
6. **Recyclability:** the recycling of certain advanced composites is a challenge the industry needs to solve. Gurit engages in research, development and cooperation projects to improve the recyclability of advanced composites and has set up a Sustainability Working Group for this purpose. This is another ambition for 2020 and onwards.
7. **Packaging:** Gurit commits to reduce packaging where possible or replace existing packaging with more sustainable solutions.
8. **Communications:** sustainability-related topics are actively communicated internally, as well as to suppliers and customers. As a first step, Gurit has re-formulated its Vision, Mission and Values in 2019 and rolled out in 2020. Sustainability as well as Safety are two out of five core values Gurit staff members are asked to adhere to during their daily operations.
9. **Implementation:** the Chief Technology Officer (CTO), a member of the Executive Committee, oversees the implementation of this policy, commissions Product Development and Engineering Teams to adhere to this policy and addresses it during annual employee performance reviews. The CTO is also a member of the Sustainability Working Group.

Focus topic:

Structural Core Materials



Gurit is a technical leader in the development and manufacture of structural core materials. Cores in a sandwich construction are specified by designers and architects to increase stiffness and reduce the weight of a composite structure. Gurit has a range of core materials to fit any specification or manufacturing process. The largest volume of Gurit’s core material offering is used for the production of wind turbine blades and thus clean, renewable energy. The remainder is predominantly used for lightweighting applications.

Shift from thermoset to thermoplastic

In 2019 Gurit undertook a major product development and capacity expansion program for PET to facilitate the shift from thermoset (PVC, SAN) to the more sustainable thermoplastic core material PET that Gurit sells as part of its Kerdyn™ Green product range. Three additional extrusion lines were developed and one already implemented; the remaining two big lines will follow in 2020. Gurit also started a major product improvement program in PET to improve product properties and reduce the total solution cost. Production of recycled PET and qualification of additional feedstock resources continued at a strong pace.

Kerdyn™ Green: from Bottle to Wind Turbine Blade

As part of its ongoing commitment to sustainability, Gurit has developed Kerdyn™ Green, a PET core material made of up to 100% recycled PET bottles. Kerdyn™ Green withstands high process temperatures, has excellent chemical resistance, good adhesion and mechanical properties, low resin uptake, and is thermoformable. Kerdyn™ Green is a polymer that can be recycled at the end of its product life, unless it is permanently combined with other materials. To address the challenges posed to the recycling of combined materials, such as advanced composites, Gurit experts are conducting internal research and are participating in industrial and academic initiatives working on solutions for composites end-of-life recycling, disassembly, circular materials, and reuse.

The production of Kerdyn™ Green starts with the recycling of PET bottles which are shredded into flakes and then further processed to granulate. This PET granulate is checked for consistent quality and then melted and extruded in an endless cord made up of many small spaghetti-like “strings”.

These strings are combined into a raw board of approximately 45 mm thickness and a width of approximately 1 050 mm by 1 250 mm, before being heated up again and welded into a block with a defined standard size. The PET-based Kerdyn™ Green reduces the environmental footprint by being a lightweight and recycled product.

Up to 100% recycled PET

Gurit has and will continue to invest significantly into recycled PET core material production assets globally to cope with the material demand. In order to have sufficient feedstock of quality controlled and properly blended PET for the extrusion process, Gurit acquired in 2019 a PET recycling business in Italy. Gurit Italy PET Recycling is specialized in the recycling of PET bottles and the production of recycled PET flakes and granules later used for extrusion of recycled PET core. This allows Gurit to secure quality and cost-effective raw material supplies for its PET strategy, deepen its know-how of this specific material supply and link the value chain elements starting from the recycled bottle down to a finished quality core kit for the Wind blade making OEMs.

Density	Recycling	Bottles per sheet of Gurit Kerdyn™ Green foam plate (1,005 x 2,440 mm)	
		@ 5 mm	@ 50 mm
kg/m ³	bottles/m ³		
80	5 340	65	660
250	16 670	205	2 050

Gurit internal sample calculation for recycling of PET bottles,
Assumption: 15 g / bottle



Balsa Wood – a Naturally Growing Core Material

Another structural core material that is produced entirely from natural resources: Balsa wood. Gurit Balsaflex™ is an end-grain balsa wood core, featuring very high strength to weight ratio, suitable for applications that require high strength and stiffness and cost effectiveness.

In addition to being a naturally grown raw material, Gurit Balsaflex™ is a suitable and sustainable solution due to a good balance between cost, properties and weight.

Balsa wood is fast-growing, self-regenerating and is a pioneer species. It can be grown sustainably and as a not very long-lived plant it can be easily harvested after a few years.

Apart from being a sustainable, naturally grown raw material, balsa has high potential for farmers' livelihood, since it has been a traditional family business activity for several generations in Ecuador. Gurit does not operate its own Balsa wood plantations but buys the wood from local farmers and produces blocks from local factories, trusted suppliers with whom there's a strong and lasting relationship.

Curbing carbon emissions and supporting sustainable local business development

Apart from the fact that wood is a naturally grown material that absorbs carbon dioxide during its growth, the Balsa operations of Gurit have put additional measures in place to reduce energy consumption and emissions. Wood waste from the production process is used as alternative fuel for the kiln drying process within Gurit's factory and adjacent ones in Ecuador. This reduces both waste and CO₂. Furthermore, Gurit supports local communities and farmers with funding and plant donations to support local forestry businesses from an environmental, economic, and social point of view.

Research cooperation

Gurit has an agreement with the Quevedo University in Ecuador to promote the investigation of balsa anatomy and define best practices in forestry management in terms of plantations maintenance and harvesting. In cooperation with the the University of Girona, Spain, Gurit runs a further research project on the anatomy of balsa wood. Gurit works closely with stakeholders, mostly blocks suppliers, and provides training and technical support, in order to consolidate their know-how and improve their competitiveness.



"With the current PET and Balsa programs, Gurit is supporting our key target industries through capacity increase with the most sustainable products on the market. Additionally, through a co-location of our sourcing and manufacturing sites with our Kitting services, we provide significant reductions of transportation, waste, lead-times, CO₂ emissions and overall cost."

Mathieu Cariou

Product Manager Core Materials, Gurit



Focus topic:

Formulated Product Range Moving Towards Green Chemistry

At its Center of Excellence for Formulated products Gurit invests into research, development and extensive testing

Gurit pioneered the use of epoxy resin in the manufacture of large light-weight composite structures. Today, Gurit manufactures a wide range of epoxy based products. These formulations are chemicals that have been blended together to yield characteristics optimised for their intended application.

AMPRO BIO

"The product is therefore worthy of mention for the reduced environmental impact from which also derives an attention to the health of the personnel called to operate with this resin ... which makes them already today meet the environmental requirements that will be imposed in the immediate future."

Seatec Qualitec Judging Panel 2019

These systems allow the use of vacuum bagging techniques, which improve the mechanical properties of the finished item by obtaining favourable fibre to resin ratios. This legacy of creating formulations which generate the highest possible properties has allowed the use of Gurit formulated products for both new builds and repair on small items and huge structures the world over. All of the "formulated products" manufactured by Gurit are classified as thermosetting materials. These materials are supplied in a liquid or semi-liquid form, usually as a "two-part system". Under the correct conditions, the system undergoes a chemical reaction (known as "curing") to form a solid material.

Gurit's formulated products are grouped under the following headings, broadly relating to their intended application and for the properties that result from their curing:

- **Ampreg™ Laminating Systems** – epoxy based liquids, low viscosity for good wet-out, high strength and stiffness.
- **AMPRO™ Multi-purpose Systems** – epoxy based. Capable of performing as adhesives, coatings, filling compounds and laminating systems.
- **PRIME™ Resin Infusion Systems** – low viscosity, high performance epoxy based liquids ideal for vacuum bag infusion and resin transfer moulding process.
- **Spabond™ Adhesives** – epoxy based semi-liquids and pastes with high strength and durability.
- **Filling and Fairing Compounds** – epoxy based pastes with high adhesive ability and durability.
- **Coatings** – epoxy process coats for in-mould application to achieve a defect free surface ready for sanding and painting.
- **Tooling products** – a complete range of epoxy composite tooling products that can be used up to an operating temperature of 160°C.

Fire testing laboratory for FST materials



Environmentally friendly epoxy resins

As a fundamental principle of Gurit's approach to Product Development, all new products are developed to be safer and lower toxicity. Where appropriate, plant-based "Bio" alternatives are introduced. This means that the chemicals are synthesized from a high proportion of plant-based rather than petrochemical materials. The resulting chemical is either the same or similar. As such the final products Gurit sells are not biodegradable and this is not an objective as due to the intended use of the products they must not degrade during their intended end product life.

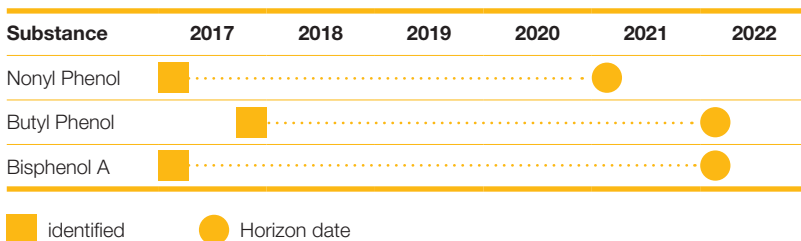
Hazardous Chemicals Management Policy

Gurit's hazardous chemicals management policy aims to identify and eliminate those substances that pose greatest risk to human health and the environment, namely Carcinogens, Mutagens and Reprotoxics. Furthermore, Gurit has a process of substance evaluation whereby future threats to substance hazard classification and regulation are identified as early in the development process as possible, thereby avoiding regrettable substitutions. Gurit actively works with suppliers to source raw materials with lower toxicity which enables us to influence their choices when it comes to safer chemicals.

Gurit is committed to reduce hazard profiles where feasible. Additionally, the removal of substances termed SVHC's (Substances of Very High Concern) by the European Chemicals Agency under the REACH regulation (EC) No. 1907/2006, means that any reporting duties required by manufacturers of articles under the regulation are not required by Gurit customers.

From 2017 to 2018 there was a reduction in the most toxic raw materials in Gurit's Formulated Center of Excellence (CoE) from 19% to 8%. This was achieved using the process shown on the right.¹

Gurit has worked with customers and suppliers to substitute a number of high hazard substances as given in the below diagram using self-imposed "horizon dates" in anticipation of European folio with high regulatory risk management measures.





"Gurit has heavily invested in research and development in 2019 to make our products safer and more sustainable whilst maintaining the high performance and ease of use Gurit customers expect. We continue to lead our industry in setting new standards for safety, and making composites more sustainable remains at the forefront of our innovation strategy."

Paul Spencer
Product Development Manager, Gurit

Although the number of products available in the formulated portfolio with high hazards remained at 37% for 2017-2019, of these the number of products with lower toxicity alternatives is now at 71%. As demonstrated by the figure above, the phase out of the most harmful substances is still in progress until 2022.

Health and safety⁶

Gurit has a strong focus on low toxicity formulations and has replaced a wide range of legacy products with new formulations, eliminating chemicals of concern wherever possible. Products are extensively tested both for their handling and usage characteristics. The Ampreg™ 3X series, Ampro™ Bio and the new Spabond 800 series are part of Gurit's new low toxicity epoxy laminating range launched successfully in 2019. Their main use targets the manufacture of large composite structures in the marine, wind and construction industries. Gurit is creating high performance fire retardant systems that serve to protect human life while saving energy due to reduced weight. These products are tested in Gurit's own fire testing laboratories during the development and production stage.

Bio-based composite panel solution

In 2019 Gurit started a collaboration with Bcomp, a Swiss high-tech start-up specialised in sustainable lightweighting materials based on natural fibres. Gurit now sells Bcomp's ampliTex™ and powerRibs™ products, often in combination with Gurit's accredited bio-based or low toxicity resin solutions. The powerRibs™ technology is an extremely lightweight natural fibre reinforcement. Inspired by leaf veins, it provides maximum stiffness at minimum weight by creating a rib structure on one side of a thin-walled shell element. Thanks to these reinforcements, the CO₂ footprint of semi-structural parts can be reduced by 75% vs carbon fibres and weight can be reduced by up to 40% and plastic by up to 80% at maintained performance. The combination of Gurit's bio resin and Bcomp's natural fibre solutions now provide an important first step for a bio-based composite panel solution for multiple industries.

Sustainability working group

Gurit's Formulated Center of Excellence has set up a sustainability working group in 2019. The Group consists of Scientists, Engineers and other specialists, exploring opportunities to further enhance sustainable product development and draft a long-term plan of how to integrate sustainable best practices into operations and products to create tangible value for customers. Specific actions initiated or already implemented by this group include measures to reduce waste, giving preference to a local supply chain and solar power for the main production site. A second improvement area is the reduction of packaging and use of recycled materials for packaging. In terms of formulated products, the sustainability group focuses on low toxicity chemicals ("Gurit green chemistry" including plant-based chemistry and natural fibres) and the use of light reflective technology to increase user safety. Furthermore, research is under way regarding the recycling of carbon fibre, the re-use of resins as well as the general "re-living" of products.



Environmental Awards received in 2019

Gurit received various awards in 2019 for its efforts to make its formulated product range best-in class for its low toxicity formulations, bringing a new generation of products on the market that prioritise user health & safety and minimizing any environmental impacts, all while remaining competitive in the market place.

- Seatec Qualitec Technology 2019 Special Mention (AMPRO BIO)
- Composites UK Environmental/Sustainability Award
- Composites UK Innovation in Composite Materials Award
- IW Chamber Business: Technology and Innovation Award
- IW Chamber Business: Green Initiative Award



From top to bottom:
 Adhesive sag testing
 Ampreg 3X with light reflective technology
 Testing viscosity of new materials
 Chemical extraction for product development



"We put our customers in the center of our daily work and we continuously adapt and optimize our processes to better meet their needs."

Isabella Ghirigato, Customer Service

"I love the job I have with Gurit as part of our Global Technical Support team. It allows me to work with our customers in problem solving applications and methods of producing lighter and stiffer parts which in many cases could not be made economically in any other way. These lighter and stiffer items help with sustainability due to their long, durable lifespans. This combined with our Regulatory Compliance team and Formulation group help to give our customers the best possible health and safety through improved products and processes."



Martin Armstrong, Composite Technologist



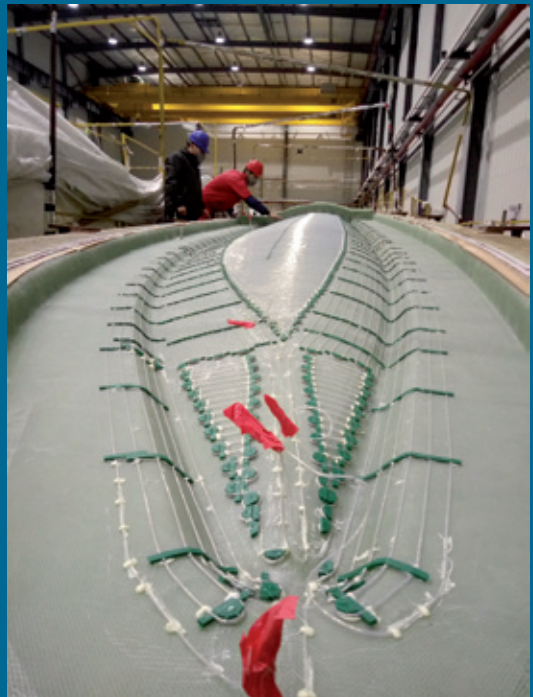


"I feel proud to be part of an organisation that actively encourages sustainable thinking, substitution to safer chemicals and the use of bio alternatives. The commitment I have seen throughout the business to learn, communicate and implement such changes is what I believe sets Gurit apart. There is so much more to achieve in the area of sustainability; recyclability, safer chemicals and bio-based options are important throughout the entire value chain. I look forward to the unique challenges this will bring."

Amy Moram
Regulatory Compliance Officer, Gurit



Tooling production in Taicang, China:
layup of heating wires for a wind blade mould.



Sustainability Data and Performance Review

1. Gurit Approach to Sustainability Reporting

Gurit is specialised in the development and manufacture of advanced composite materials, production tools and kitting. In addition, Gurit provides composite engineering services that help transform traditional, heavier structures into lightweight, durable structures. The Company's products and solutions are primarily used in the wind energy, aerospace, marine, rail and other industries thus contributing to the generation of renewable energy as well as to the reduction of fuel consumption and carbon dioxide emissions, amongst others. As such, sustainability forms an essential part of Gurit's global business activities and sustainable growth strategy.

Global Reporting Initiative (GRI)⁷

Gurit has reported on economic, environmental, social and governance-related developments for several years in its annual report. In order to align its disclosures with international reporting standard practice, the Company started using the Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines as a framework for the first time in preparation of the 2015 Gurit Annual Report. The 2019 report has been prepared in accordance with the GRI Standards: Core option. Relevant GRI indicators are referenced in a footnote and in an index overview page at the end of this report.

Given the size of the organization and the global spread of its business activities, as well as recent acquisitions, Gurit aims to adopt GRI's reporting principles gradually. This will allow the Company to implement the necessary internal processes and monitoring tools in a meaningful way over time.

Scope of sustainability data and reporting practice⁸

For the first time in 2020, Gurit publishes its Sustainability Report 2019 available as a separate document, which is published in parallel as a chapter of its Annual Report 2019. Both the financial Annual Report and the Sustainability Report contain cross-references and should be consulted together.

www.gurit.com/Investors/Reports

The reporting period is the calendar year 2019 as well as the previous two years where such data is available. For operational reasons the reporting period for selected indicators such as health and safety, accidents, education & training, electricity and waste, has been set to November 1, 2018 – October 31, 2019. For some indicators the scope of data collection has been substantially widened and now for the first time covers all locations of the Gurit Group.

⁷ GRI Disclosure 101: Foundation 2016; GRI 102-54: Claims of reporting in accordance with the GRI Standards; GRI 102-49: Changes in reporting
⁸ GRI Disclosures 102-50: Reporting period; 102-51: Date of most recent report; 102-52: Reporting cycle; 102-56: External assurance;
 GRI 102-46: Defining report content and topic Boundaries; GRI 102-50: Reporting period; GRI 102-49: Changes in reporting;
 GRI 102-52: Reporting cycle

Where quantitative data is presented, Gurit has applied the necessary level of thoroughness to ensure accuracy and timeliness. The data presented in the Sustainability Report has not been validated externally. Whether presented quantitatively or qualitatively, the report covers both favorable and unfavorable topics and results in terms of their respective relevance.⁹

1.1 Key Impacts, Risks and Opportunities¹⁰

As part of its commitment to become a carbon neutral company, Gurit will analyse its impacts in more detail during 2020 and come up with an action plan. Risks and opportunities are presented in various sections of this report, notably in terms of renewable wind energy and lightweighting, carbon footprint, green chemistry, health & safety and product life cycle assessments.

1.2 Stakeholder Inclusiveness and Key Topics¹¹

Gurit has assessed the materiality of sustainability issues in light of the 2016 GRI Standards. An internal materiality analysis was conducted in 2017, involving the Company's Executive Committee as well as the Technology, Finance, Human Resources and Marketing departments. Customers, employees and workers, shareholders, suppliers, regional authorities and the public have been defined as main stakeholders who significantly influence or are influenced by the Company's business activities, products and services. Dedicated external stakeholder engagement processes have not been used yet. However, stakeholder expectations and interests have been taken into account, such as customer interests and expectations gathered through face-to-face meetings and customer surveys. The close and frequent communication of senior management, customer support, technical support and the sales organization with customers and distribution partners facilitates a regular dialogue. Furthermore, insights from communication with shareholders and the financial community as well as information gained from media monitoring and participation in industry events have been taken into account.

In 2019 Gurit conducted a Brand perception survey in the form of telephone interviews with customers and suppliers and via an online survey of over 150 employees. The findings have been discussed in a workshop with the Executive Management and were taken into consideration for Gurit's new Vision, Mission and Values introduced Group-wide in January 2020.

The key topics defined during an internal materiality analysis are presented in the table below in relation to their importance for Gurit and its main stakeholders.

⁹ GRI Disclosure 102-56: External Assurance

¹⁰ GRI Disclosure 102-15: Key impacts, risks, and opportunities

¹¹ GRI Disclosure 101: Foundation 2016 and from GRI 102: General Disclosures 2016 (102-46: Defining report content and topic boundaries; 102-47: List of material topics); GRI Disclosure 102: General Disclosures 2016 (102-21: Consulting stakeholders on economic, environmental, and social topics; 102-40: List of stakeholder groups; 102-42: Identifying and selecting stakeholders)

1.3 Materiality Index¹²



* Compliance includes GRI 205: Anti-corruption, GRI 206: Anti-competitive behaviour, GRI 307: Environmental compliance, GRI 418: Customer Privacy, GRI 419: Socioeconomic compliance.

** Responsible Product Development includes GRI 301: Materials, GRI 417: Marketing & Labelling.

*** Responsible Employment Practices includes GRI 202: Market presence, GRI 401: Employment, GRI 402: Labour / Management Relations, GRI 404: Training & Education, GRI 405: Diversity & Equal Opportunity, GRI 406: Non-discrimination, GRI 407: Freedom of association and collective bargaining.

1.4 Stakeholder Engagement¹³

Gurit fosters a constant and close dialogue with its key stakeholders in order to create added value and maintain long-standing, beneficial partnerships. In addition to individual customer meetings, the Company participates in various annual specialist and industry trade fairs and events globally in order to deepen existing relationships and establish contacts with potential new customers, business partners and suppliers as well as the advanced composites industry as a whole. In terms of employee engagement, Gurit conducts employee surveys at its individual sites in addition to hosting an annual management meeting with the Group's senior managers worldwide

¹² GRI Disclosure 102: General Disclosures 2016 (102-18: Governance structure; 102-19: Delegating authority; 102-22: Composition of the highest governance body and its committees; 102-23: Chair of the highest governance body; 102-24: Nominating and selecting the highest governance body; 102-25: Conflicts of interest; 102-26: Role of the highest governance body in setting purpose, values and strategy); GRI 102-47: List of material topics; GRI 306: Effluents and Waste

¹³ GRI Disclosure 102: General Disclosures 2016 (102-21: Consulting stakeholders on economic, environmental, and social topics; 102-43: Approach to stakeholder engagement); GRI 102-42: Identifying and selecting stakeholders

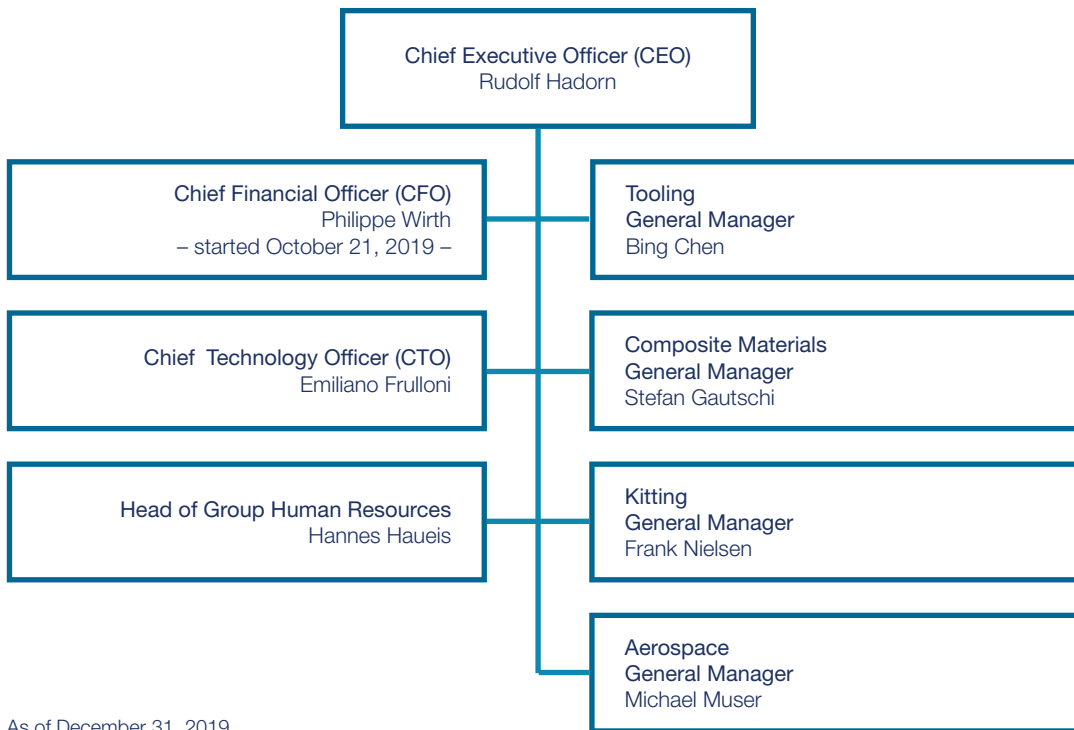
at the beginning of each year. As a publicly listed company, Gurit also participates in a range of annual investors' conferences and roadshows in Europe and holds an annual shareholder meeting.

Furthermore, Gurit engages in industry dialogues, expert groups and conferences related to our areas of activity and sustainability. Local sites engage with the local communities according to their own internal guidelines and as part of their employer branding efforts.

Brand survey

As mentioned above, in 2019 Gurit mandated an external partner to conduct telephone interviews with customers and suppliers and consulted over 150 employees with qualitative online questionnaire as part of a Brand survey. The results of this stakeholder engagement has set the foundation for Gurit's new Vision, Mission and Values, approved by the Executive Committee in December 2019. The internal roll-out started in January 2020.

1.5 Organizational Profile Gurit Group



As of December 31, 2019

For information on the Company's organizational profile, please see the Gurit Annual Report 2019.

www.gurit.com/Investors/Reports

1.6 Ethics and Integrity¹⁴

Gurit pays the highest attention to the strict adherence to business ethics and integrity. The Gurit Code of Conduct is an essential element of the Company's corporate and business management. As such, the Gurit Board of Directors, Group Management and all employees are expected to strictly adhere to the principles and guidelines outlined in the Code. Full compliance with all pertinent legal and regulatory requirements and standards is also required. Acknowledgement and acceptance of the Code therefore forms part of every staff member's terms of employment.

The most current version of the Company's Code of Conduct was resolved by the Board of Directors and the CEO in May 2017. It outlines the Company's principles and guidelines on business ethics. Principles of United Nations are included and considered as cornerstone of our organization culture. The Code is available for download at www.gurit.com/About/Corporate-Governance

Core values

Based on the results of a 2019 employee consultation and a Management workshop Gurit has defined five new core values that provide direction for the company's culture and work ethics:

- Safety first
- Customer focus
- Successful together
- Resourcefulness
- Sustainability

Implementation

The Group Executive Committee, the Board of Directors and Gurit employees are trained on the Gurit Code of Conduct in a compulsory online course. The latest version of the Gurit Code of Conduct is available on the Company's intranet in different languages. The Code is handed out to all new staff members and they must undergo a compulsory training in the company's internal Learning Management System (LMS).

Advice and whistle blowing

For advice on the Code or in case of concerns about or evidence of violations, employees must seek guidance from their direct managers, Group management or the Audit and Corporate Governance Committee of the Gurit Board of Directors. All requests are treated confidentially. Furthermore, the Chairman of the Audit and Corporate Governance Committee can be contacted in full anonymity in order to raise concerns.

The Audit and Corporate Governance Committee is currently chaired by Board Member Dr. Stefan Breitenstein. He can be contacted at the Swiss law firm Lenz & Staehelin; Dr. Stefan Breitenstein, Bleicherweg 58, CH-8027 Zurich, Switzerland. Phone +800 4546 4546, Fax +41 (0)58 450 80 01, e-mail: stefan.breitenstein@lenzstaehelin.com

¹⁴ GRI 102-16: Values, principles, standards, and norms of behavior; GRI 102-17: Mechanisms for advice and concerns about ethics; GRI 102-25: Conflicts of interest

Compliance review

No violations with regard to conflicts of interest or non-compliance with any of the standards set forth in the Gurit Code of Conduct were identified or reported to the Chairman of the Audit and Corporate Governance Committee. Equally, no complaints regarding infringements of Human Rights were brought forward in the reporting period. No legal actions were proceeded or pending, and no fines or non-financial penalties related to non-compliance with any anti-corruption, anti-competitive behaviour, anti-trust and monopoly practices were imposed in 2019.

Overall compliance with the Code of Conduct is subject to internal audits. Furthermore, the Executive Committee submits an annual report on compliance to the Board of Directors.

1.7 Governance¹⁵

For information on the Company's governance structure and practice, see the chapter "Corporate Governance Report" of the Gurit Annual Report 2019, available at www.gurit.com/Investors/Reports

2. Customers¹⁶

Gurit supplies a global customer base from manufacturing and distribution sites in Canada, China, Denmark, Ecuador, Germany, Hungary, India, Indonesia, Italy, Mexico, New Zealand, Poland, Spain, Switzerland, Turkey, United Kingdom and the United States. In addition, Gurit maintains partnerships with distribution partners worldwide. Types of customers range from small family enterprises to large multinational corporations and OEMs of the global wind turbine industry.

"Customer focus" is one of our core values and bringing best value to customers has been a priority for Gurit since the very beginning. To achieve this target, Gurit supports its global customer base in achieving their performance and cost reduction targets and in deriving many benefits from the transformation of traditional structures into light-weight and durable solutions. On-site technical support as well as product and process training related to the correct and safe handling and use of the Group's products form an essential part of this aim. Distributors are included in these training activities as part of the Group's overall customer health and safety efforts as their knowledge and advice plays an important role in regions where Gurit is not represented by local sales and technical support offices.

2.1 Monitoring of Quality

Gurit has the ambition to achieve an On-Time-In-Full (OTIF) rate of 99% for its confirmed deliveries. Due to the high market demand and raw material shortage this value was far below Gurit's ambitions and has only been achieved by two business units.

15 GRI 102-18: Governance structure; GRI 102-32: Highest governance body's role in sustainability reporting; GRI 102-33: Communicating critical concerns

16 GRI 102-16: Values, principles, standards, and norms of behavior; GRI 416: Customer Health and Safety 2016

As part of its normal operations Gurit maintains Quality departments at all production sites and operates Management systems to monitor and manage quality and the delivery of products according to customer specifications. In 2019 Gurit recorded a Defective Rate of 61 PPM (parts per million) and achieved its target, with the ambition to further improve in the future.

2.2 Customer Information and Data Management¹⁷

Gurit informs customers regularly about product developments and organizational updates by means of newsletters. Management of customer data on an overall level and for distribution of newsletters takes place in compliance with all relevant legal requirements related to data protection and security. Customers are able to opt out of all push communication activities at all times. No data leaks were identified and no complaints from customers regarding infringements of privacy were received in 2019.

During 2019, Gurit implemented the General Data Protection Regulation (GDPR). The regulation 2016/679 is part of an EU law on data protection and privacy in the European Union and the European Economic Area. Gurit has designated GDPR data officers, conducted audits and trained its staff members via a mandatory online course in its Learning Management System (LMS).

2.3 Customer Health and Safety¹⁸

The main focus of the Group internal customer health and safety activities in 2019 related to the implementation of REACH (Registration, Evaluation and Authorisation of Chemicals) EC No 1907/2006 and associated regulations; CLP (Classification, Labelling and Packaging) EC No. 1272/2008 and PIC (Prior Informed Consent) Reg No. 649/2012. The REACH regulation, which was introduced by the European Union for all producers of chemicals in volumes greater than 1 tonne per year, aims to provide a high level of protection of human health and the environment from the use of chemicals. It also makes manufacturers and importers of chemicals responsible for understanding and managing the risks

2.4 Compliance: Marketing and Labeling¹⁹

The Regulatory Compliance Officer together with members of the product development and purchasing teams ensure that all information is collated, recorded and available within the defined period.

In 2019, no complaints or violations regarding product marketing and labelling were brought forward in the reporting period, with the exception of one isolated case of mislabelling a cardboard box. No legal actions were proceeded or pending, and no fines or non-financial penalties relating to non-compliance with product marketing and labelling regulations and standards were imposed in 2019.

¹⁷ GRI Disclosure 102: General Disclosures 2016; GRI 418: Customer Privacy 2016

¹⁸ GRI Disclosure 416: Customer Health and Safety 2016;

¹⁹ GRI Disclosure 417: Marketing and Labelling 2016 and GRI 418: Customer Privacy 2016; GRI 417-2: Incidents of non-compliance concerning product information and labeling



"We want to be part of tomorrow's sustainable and innovative transportation solutions such as high speed trains and planes. This is our passion: to develop advanced and safe materials with outstanding properties."

Reinhard Kreuder
Chief Scientist



Gurit's tooling automation competence center in Montreal, Canada, develops and produces hinges for wind blade tooling moulds. This innovation reduces the cost of renewable energy generation and supports the growth of wind energy worldwide.



3. Employees²⁰

Responsible Employment Practices are of the highest priority for Gurit. Attracting, training and retaining a highly skilled, motivated and performing workforce is key for the Group's current and future success. In 2019, Gurit initiated an Employer Branding initiative that it will implement in 2020.

3.1 Employee Ratios²¹

Gurit serves markets that have a certain cyclical nature, such as the wind energy, tooling and marine segments. As part of its business model and in order to maintain and nurture a strong capability and competency level amongst its global staff, the Group focuses on multi-skilled core production teams. In line with demand, these core teams are supplemented by temporary workers and contractors to cope with peaks.

As of December 31, 2019, Gurit employed 3 027 staff members, as compared to 2 860 in 2018.

Workforce by Employment Contract

	2019	2018	2017
Total Workforce*	3 027	2 860	2 198
Permanent*	2 878	2 382	2 075
Temporary*	149	478	123
Apprentices, Interns	38	8	14
Workers/Contractors	298	174	68
Full-time*	2 953	2 798	2 142
Part-time*	74	62	56

* excluding apprentices, trainees, interns and agency workers/contractors

Employees by Gender*

	2019		2018		2017	
	Male	Female	Male	Female	Male	Female
Board of Directors	5	1	5	–	5	–
Executive Committee	8	–	5	–	5	–
Senior Management	28	2	25	4	28	5
Further Staff	2 481	508	2 365	456	1 802	353
Total Staff	2 517	510	2 400	460	1 840	358
In percent	83%	17%	84%	16%	84%	16%

* excluding apprentices, trainees, interns and agency workers/contractors

20 GRI 102-8: Information on employees and other workers

21 GRI Disclosure 102: General Disclosures 2016; GRI 202: Market Presence 2016; GRI 405: Diversity and Equal Opportunity 2016; and GRI 407: Freedom of Association and Collective Bargaining 2016; GRI 102-41: Collective bargaining agreements

Employees by Age Structure*

	2019			2018			2017		
	Age under 30 years	Age 30 to 50 years	Age above 50 years	Age under 30 years	Age 30 to 50 years	Age above 50 years	Age under 30 years	Age 30 to 50 years	Age above 50 years
Board of Directors	–	–	6	–	–	5	–	–	5
Executive Committee	–	3	5	–	1	4	–	2	3
Further Staff	743	1 922	348	704	1 821	325	433	1 430	325
Total Staff	743	1 925	359	704	1 822	334	433	1 432	333
In percent	25%	64%	11%	25%	64%	16%	20%	65%	15%

* excluding apprentices, trainees, interns and agency workers/contractors

Gurit is committed to fair and equal employment. The Group employs a workforce that is composed of around 38 different nationalities.

Proportion of senior management hired from the local community

It is a Gurit ambition to staff local sites with local leadership. With three exceptions, all operational sites globally are staffed with senior managers who are citizens of the country in which the production sites are located.

Gurit complies with all relevant local rules and legislations regarding employees' freedom of association and the right to collective negotiation. No complaints, concerns or violations were reported at any of the Group's global sites in 2019.

Freedom of association

Gurit grants its employees with the freedom of association and recognizes this as an international human right. In 2019, subsidiaries of Gurit have maintained or entered into 10 different collective bargaining agreements.

3.2 Occupational Health & Safety²²

Maintaining a high standard of technical expertise, assuring high-quality production processes and ensuring safety in the workplace are major priorities for Gurit. The Group is aware of the fact that employees could be affected by certain aggressive chemicals the Company deals with, by processing dust, steel welding, as well as lifting and transporting heavy equipment. Gurit, therefore, constantly strives to reduce risk to its employees and operations through specific training sessions and procedural changes for high-risk areas and processes.

22 GRI Disclosure 403: Occupational Health and Safety 2016 (403-2: Rates of injury and rates of injury) 2018 (403-5: Worker training on occupational health and safety); GRI 403-8: Workers covered by an OH&S management system

Our Climate Matters

"In 2020 Gurit will define its CO₂ neutrality timeframe and action targets."

Rudolf Hadorn, CEO

Workers covered by a health and safety management system

Incidents and accidents are part of the monthly Group reportings and management reviews. All workers are covered by a health and safety management system, including temporary workers and contract workers. However, until 2019 these management systems have been handled exclusively at site level or business unit level for Kitting. Starting 2020 the local health and safety management systems will be reviewed and where appropriate, adapted to new Group-wide standards and requirements, as well as binding targets. This will be complemented with proactive best-practice and experience sharing between sites.

Work-related hazard identification²³

As an example, the most material risks are dust explosions for production sites working with balsa wood and skin-irritation for workers being exposed to epoxy resins. Measures have been put in place to minimize these risks, e.g. by investing into ventilation, electrostatic discharge prevention, personal protective equipment and training.

All production sites have undertaken to identify and mitigate work-related hazards. Under the safety-first initiative launched in 2019, additional measures to identify work-related hazards will be undertaken, supported by an experienced external consultant and a dedicated project team.

Proven and tested methods by Dupont Sustainable Solutions (DSS) will be rolled-out Group-wide starting 2020. These measures include a train-the-trainer program, the STOP safety observation program and best-practice sharing such as the implementation of cross-functional safety walks and safety-committee meetings. Furthermore, Gurit plans to include the identification of work-related hazards and the reduction of accidents as part of Senior Management performance targets starting 2020. A standards working group will develop Group-wide common standards definitions and a Group-wide ISO certification of all production sites is also scheduled to be kicked-off during 2020. Incidents and accidents are being investigated at site-level and need to be reported to Senior Management as part of the monthly reporting, or within 48 hours for accidents.

Each production site has one or various dedicated EH&S Managers. An Emergency Communication Guideline and an Incident Reporting Form are available on the Intranet and communicated to all employees as part of the Code of Conduct roll-out.

As of January 2020, Gurit has rolled-out new core values, one of them being "safety-first". All staff members are informed that safety is a top priority of the company and that they should stop work if they encounter an unsafe situation.

²³ GRI Disclosure 403-2 (Hazard identification, risk assessment, and incident investigation); GRI 403: Occupational Health and Safety (GRI 403-7: Prevention and mitigation of occupational health and safety impacts); GRI 403-8: Workers covered by an OH&S management system

Consultation and communication²⁴

Worker participation, consultation and communication on occupational health and safety matters have been reported by 17 production sites and are managed at local site level. Typical measures include Management dialogues at regular plant tours, individual workspace reviews, weekly meetings and safety briefings, an annual safety day, quarterly roundtable meetings and exchanges with labor unions on health & safety matters. Guidelines and links regarding occupational health & safety are included in the Code of Conduct rolled-out to all staff members.

Compliance with OH&S regulations

In 2019, two concerns or incidents of non-compliance with health and safety regulations or standards were sanctioned with fines by local health & safety inspectors. Two fines received amounted to CHF 10 175 and were related to a safety inspection and a case of skin irritation of a worker exposed to epoxy resin.

Gurit tracks workplace safety at its global sites according to two categories. **Accidents** are defined as events that result in injury or ill health involving employee absence. In 2019 the defined scope has been widened to cover also accidents that occurred on the direct way to and from the place of work. **Incidents** are defined as events that involve injury but do not result in employee absence.

Number of work-related accidents and incidents

	2019***		2018		2017	
	Accidents	Incidents	Accidents	Incidents	Accidents	Incidents
Kitting**	16	20	–	–	–	–
Composite Materials	23	173	18	159	17	144
Composite Components	2	3	2	8	–	5
Tooling	5	6	6	8	6	9
Aerospace*	9	30	7	2	–	–
Total	55	232	33	177	N/A	N/A

* Aerospace Business Unit: since April 2018

** Kitting Business Unit: since Oktober 2018

*** Data *2019*: 1.11.2018 - 31.10.2019; widened scope now includes accidents/incidents on direct way to/from work.

Lost Time Incident Rate (LTIR) for 2019 has been 36.61 per million hours worked and the **Lost Time Accident Rate (LTAR)** was 8.68. Gurit recorded no fatalities among workers or contractors. An LTAR reduction target has been set to –50% by the end of 2022. In terms of Contractors, the number of reported incidents is 25 and the number of accidents is 2. No fatalities were recorded.

24 GRI Disclosure 403-4 (Worker participation, consultation, and communication on occupational health and safety); GRI Disclosure 403-9 (Work-related injuries); GRI 403-2: Hazard identification, risk assessment, and incident investigation; GRI 403-10: Work-related ill health; GRI 403-7: Prevention and mitigation of occupational health and safety impacts

Some of the accidents and incidents may be explained with the relocation and build-up of certain operations, where new processes had to be established, but also with a substantially increased workload due to high market demand for certain product ranges. However, the Executive Committee of Gurit has not been satisfied with the observed trends in OH&S performance and has therefore decided to launch a Corporate Program to improve health & safety at all of its sites. This program was launched in 2019 under the responsibility of the Head of Group Human Resources. An external consultant has been contracted, Dupont Sustainable Solutions (DSS), and a one-day kick-off workshop, in which the entire Executive Committee participated, has been held. The focus of the initiative is to build a strong safety culture as a permanent mindset throughout the organisation.

Health & safety target

Gurit is committed to providing healthy and safe working conditions for its entire global staff and in 2019, Gurit has defined "safety first" as one of its five core values. A target of reducing the number of accidents (LTAR) by 50% within three years or by -17% per year has been set and newly integrated as a formal assessment criteria for the annual performance review of Senior Managers.

3.3 Education & Training²⁵

Gurit has implemented a learning management software to support training and development of its personnel in a flexible and modern format. Courses offered in 2019 covered specific topics such as strategy, cybersecurity, data protection, leadership programs to develop people management, safety-first trainings, product information, as well as a sales academy training program. To date, Gurit does not collect data relating to the average hours of training per year per employee, with the exception of health and safety related training which amounted to an average of 6.15 hours per employee per year, including administrative staff and office workers.

Complementary to collective training and development programs, Gurit also fosters individual training and development opportunities. Individual development and training needs and targets are discussed as part of the Group's annual performance reviews.

Gurit has an Entrepreneurial Trainee Program targeted at ensuring a continuous inflow of young entrepreneurial technology talents with the objective to fill 50 percent of all open positions internally as a long-term vision. In 2019 one Entrepreneurial Trainee was hired.

Equality and transparency

Benchmarking of salaries and grading, which was started in 2015 together with a renowned external service provider, further progressed over the course of the year with the overall target to create transparency, to benchmark Gurit's compensation practice with industry standards and to further develop internal career development paths.

²⁵ GRI Disclosure 401: Training and Education 2016; disclosure 403-7 (Prevention and mitigation of occupational health and safety impacts); GRI 404-1: H&S Average hours of training

4. Suppliers and Responsible Procurement²⁶

Gurit offers a broad range of advanced composite materials to its strategic target markets. The majority of these products are manufactured from raw chemicals that the Group for the most part purchases directly from leading global suppliers and then further processes into structural foams, resin systems, laminating and infusion systems, gel coats, and adhesives. The Tooling business additionally consumes steel from local suppliers to produce mould frames as well as transportation, turning and lifting devices for wind-blade moulds. Gurit also sources glass, carbon, and aramid fibres from the respective manufacturers for the production of prepregs.

4.1 Sustainable or Recycled Input Materials

Some of these materials and their constituents are non-renewable materials and are composed of non-recycled input materials. For some production processes, however, Gurit also uses by-products, such as sawing dust, which are fed back into the production cycle. The amounts of these are not yet tracked in terms of weights or volumes.

During the reporting period, Gurit significantly increased the share of recycled input materials and invested in a substantial increase of production capacities. Gurit now produces structural PET foam from up to 100% recycled, post-consumer input material at production sites in Italy and China, and starting 2020 also in Mexico. In 2019 Gurit acquired a PET recycling business in Italy, further securing access to recycled PET post-consumer material, mainly PET drinking bottles. Gurit also purchases balsa wood (*Ochroma pyramidale*), a natural resource for producing blocks and sheets from virgin balsa wood.

4.2 Local Sourcing and Social Responsibility

Gurit encourages its sites to source materials and services locally and regionally to contribute to the economic development of the areas in which it operates and to avoid transportation-related emissions. Balsa wood is sourced from local farmers and smallholder cooperatives rather than from large monoculture plantations.

4.3 Dual-Sourcing for Business Continuity

Reliable, efficient and responsible procurement is important for Gurit to ensure high delivery capability as well as long-term business success. Raw material shortages could lead to increased materials costs, supply bottlenecks and poor product quality. The Group has therefore established a dual-sourcing approach for the majority of its key raw materials in order to be able to respond adequately to fluctuations in the demand and supply markets. Furthermore, Gurit maintains steady relationships with local suppliers rather than buying in irregular or cyclical patterns. This is particularly important for the relationship the Group maintains with small local farmers and balsa wood suppliers.

²⁶ GRI 102-29: Identifying and managing economic, environmental, and social impacts; GRI 308: Supplier Assessment; GRI 204: Procurement Practices; GRI 102-9: Supply chain; GRI 102-10: Significant changes to the organization and its supply chain; GRI 308: Supplier Assessment

4.4 Supplier Standards

Supplier standards are formalised in writing in Gurit's general Terms and Conditions. Obligations explicitly referred to are the compliance with environment, health & safety laws as well as anticorruption laws and human rights. A modern slavery statement is available on the Gurit website www.gurit.com/About/Sites--Locations/Site-Certificates

4.5 Supplier Audits

Gurit assesses and continually monitors suppliers to ensure they are compliant with the above mentioned regulations. This monitoring is done by the Global Procurement department in cooperation with the Regulatory Compliance Officer.

Supplier audits have been carried out on an ad-hoc basis during the reporting period. The Global Procurement department carries out an ethical audit as part of a supplier selection process. In January 2020 the Global Procurement department has put in place a formal supplier approval process and as part of that, a supplier categorisation tool which will be used to rate suppliers and categorise if they need a full audit, questionnaire or no action. The tool will then enable the management of suppliers, define how many audits are required, develop a priority list, schedule and allocate resource for audits. Furthermore, in 2019 the creation of a new position of a Supplier Quality Engineer has been approved to be filled in 2020. The Supplier Quality Engineer will also conduct sustainability audits.

4.6 Supplier Non-Compliance

Supplier non-compliance is controlled at site level and Non-Conformity-Requests (NCR) reports, scorecards and supplier evaluations are carried out as a result. The process differs by site but in 2019 a process was initiated to bring these into line in 2020.

4.7 Training

Training of the Procurement team on Sustainability-related aspects such as the Environment, Labor standards, and principles of the UN Global Compact will be formalised as part of a policy and roll-out training in a project called "purchasing academy training".

As part of this year's renewal of the modern slavery statement, Gurit has included a statement with respect to the UN Global Compact principles. The current modern slavery statement is available on the company website at www.gurit.com/About/Sites--Locations/Site-Certificates

5. Environment²⁷

Gurit is committed to a production concept that combines economic manufacturing with minimal ecological impact. The Group strives to achieve this goal through a dedicated focus on customer needs; a superior level of technology and competence; operations excellence; and environmental, social, and ethical best practices and conduct. Gurit applies the precautionary principle for risk management, operational planning or when developing new products. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.

As announced in our last Sustainability Report, Gurit has widened the scope of its data collection and now covers all sites of the Gurit Group.

5.1 Environmental Indicators*

In MWh	2019
Electricity	64 303
Thereof renewable sources	21 855
Thereof other sources	42 448
In tonnes	2019
Waste	9 772
Non-hazardous waste	
Residual waste to recycling	4 027
Residual waste to landfill	3 454
Hazardous waste to specialist treatment	2 291

* previously we reported this data only for the UK site. For the 2019 report we have collected data from all Gurit sites. Therefore no comparison with the previous year is available. The reporting period for this data is 1.11.2018 - 31.10.2019.

Energy consumption and energy intensity²⁸

For the 2019 report only electricity consumption data is available as electricity is considered the predominant form of energy used. Extending the data collection to other forms of energy will be reviewed under Gurit's ambition to become a carbon-neutral company. The energy intensity of electricity consumption (kWh) versus sales has been calculated with 0.12.

27 GRI Disclosure 102-11: Precautionary Principle or approach; GRI 102-29: Identifying and managing economic, environmental, and social impacts

28 GRI Disclosure 302: Energy 2016 (302-1: Energy consumption within the organization; 302-2: Energy consumption outside of the organization); and GRI 306: Effluents and Waste 2016 (306-2: Waste by type and disposal method); 307-1: Non-compliance with environmental laws and regulations; GRI 302-3: Energy (KWh vs Turnover ratio)

Water consumption²⁹

Water consumption from November 2018 until October 2019 was 59 804 483 litres for all 26 sites worldwide. The water consumption vs. turnover ratio is 0.18 and has been calculated for the first time. This figure stems from measured consumption from municipal water supplies or other public or private water utilities. To this date Gurit is not aware of water sources significantly affected by the withdrawal of the water the company consumes. Gurit considers its impact on water resources not causing high levels of water stress.

Significant spills³⁰

Gurit sites have not registered any significant spills of chemicals during the reporting period.

5.2 Energy Consumption Outside the Organisation³¹

As part of its environmental considerations, Gurit has also evaluated energy consumption outside of the organization, which mainly relates to the following upstream categories:

- Energy consumed for the production of raw materials (e.g. carbon fibre)
- Transportation of raw materials
- Business travel
- Employee commuting

It also relates to the following downstream categories:

- Transportation and distribution of products (e.g. sea freight container shipments)
- Freezer storage of prepregs by distributors and customers
- Energy used during the curing process of products by customers
- End-of-life treatment of sold products (e.g. disposal of wind turbine blades)

Gurit is not in a position to collect data and report on energy consumption outside of the organization at this point in time.

5.3 Carbon Emissions and Carbon Neutrality³²

Currently, Gurit does not have an inventory or track record of carbon emissions. However, Gurit's Management has committed to evaluate during 2020 a time frame and targets on how to become a carbon-neutral business.

29 GRI 303-05: Water consumption in Litres

30 GRI Disclosure 306-3: Significant spills

31 GRI Disclosure 302-2: Energy consumption outside of the organization

32 GRI Disclosure 305-5: Reduction of GHG emissions

5.4 Recycling Material Used in Production Process³³

Gurit has an annual capacity to process 12 000 tonnes of recycled post-consumer PET and convert this into granulates and flakes for further industrial use. The granules are used for Core materials production. As reported in its financial communication and Annual Report, Gurit is undergoing a significant CAPEX program to further increase the volume of recycled PET used for the production of structural foam core materials.

5.5 Life Cycle Assessment

The recycling of certain advanced composite materials is a challenge the advanced composites industry still needs to solve. While some composites can be recycled and broken down into the components of which they were made, this is not the case for a range of advanced composites which were designed to last without losing their properties over their lifetime. Apart from the limited volume of recycled composites, some end-of-life uses include the use as an alternative fuel for cement production where composites replace traditional fuels and components, or the use as road building material. The Sustainability Working Group of Gurit has put this topic on their agenda and during 2019 has initiated internal research activities and also started to engage in working and discussion groups of industry and academia. One example is the ReDisCoveR project that has been set up in April 2019 in the United Kingdom by the High Value Manufacturing Catapult (HVMC) to build a community to interrogate the major challenges faced by composite materials at end of life. Gurit's internal Sustainability Working Group will further examine this topic during 2020 and communicate actions, commitments and engagements in the next Sustainability Report.

Environmental Product Declaration

In 2019, Gurit commissioned SGS Search to perform a life cycle assessment (LCA) of Gurit's Kerdyn™ Green full PET structural foam panels. The objective of this study is to publish third party verified data about the environmental performance of Kerdyn™ Green products in an ECO-platform Environmental Product Declaration (EPD). It concerns a cradle-to-gate study with options, scenarios for waste treatment and disposal. Cradle-to-gate is an assessment of a partial product life cycle from resource extraction (cradle) to the factory gate. Not covered by this analysis is the product use and disposal phase. The following standards are applied: NEN EN 15804, ISO14040, ISO 14044 and ISO 14025. See also: www.eco-platform.org

5.6 Hazardous Chemicals Management Policy³⁴

As discussed in more detail in the "Formulated product range" focus section on pp. 72, Gurit has a hazardous chemicals management policy that aims to identify and eliminate substances that pose risk to human health and the environment, namely Carcinogens, Mutagens and Reprotoxicants. The formulation of lower toxicity products with equivalent or improved technical function means that customers are better protected from the most harmful chemicals and can rely on Gurit to further reduce hazard profiles where feasible. Additionally, the removal of Sub-

33 GRI Disclosure 301-2: Recycled input materials use; GRI 102-29: Identifying and managing economic, environmental, and social impacts; GRI 306-2: Waste by type and disposal method

34 GRI 416: Customer Health and Safety 2016; GRI 102-29: Identifying and managing economic, environmental, and social impacts; GRI 403-7: Prevention and mitigation of occupational health and safety impacts

stances of Very High Concern (SVHC) means that any reporting duties required by manufacturers of articles under the regulation are not required by Gurit customers, reducing risks while saving cost and time.

Gurit also continued to assess composition of products in view of substances that were reclassified to a higher hazard level under the REACH framework in 2019 and identified those substances with existing high hazard profiles. Through implementation of Gurit's hazardous chemicals management policy, the most harmful chemicals in use by Gurit were identified and where technically feasible, alternatives sought.

Following the development of the Ampreg™ 3X range which reduced the toxicity level of the laminating system offering in the previous year, 2019 saw implementation of further focus on reformulation of a multipurpose system, AMPRO, which also included a Bio-based alternative. Additionally, development work made good progress towards replacement of the most harmful chemicals in Gurit's adhesive systems which we look forward to fully launching in 2020.

The process to identify and eliminate the most harmful chemicals used by Gurit has already seen a reduction from 18% to 9% of such raw materials in the Formulated range alone.

In addition, the new product generation features the Gurit Light Reflective Technology, an innovative addition to the resin matrix that serves as a risk monitoring feature for the user and allows easy inspection of workwear, equipment and workspace for potential resin contamination by means of an UV lamp. Gurit will continue its product assessment activities and initiate product reformulation where appropriate. Furthermore, the Group considers new legislation as an additional inducement for all new product developments to ensure balance of favourable product characteristics, and health and safety protection of its customers.

5.7 Regulatory Compliance³⁵

Rigorous compliance with all applicable environmental laws and regulations is an absolute prerequisite for the Group. The main focus of the regulatory compliance activities in 2019 was related to continuing compliance within the EU regulation REACH (Registration, Evaluation and Authorisation of Chemicals) EC. No 1907/2006 and associated regulations: CLP (Classification, Labelling and Packaging) EC No. 1272/2008 and PIC (Prior Informed Consent) Reg No. 649/2012. Gurit assesses and continually monitors suppliers to ensure they are compliant with these regulations. As well as EU regulations, the global regulatory landscape is continually monitored and compliance ensured where relevant. Example legislation monitored during the reporting period is the TSCA (Toxic Substances Control Act) in the USA or the MEP Order No. 7 in China.

In 2019 two cases of non-compliance with environmental laws and regulations were reported but no sanctions or fines were pending or paid. Additionally, as stated in the Annual Report 2019 on p. 126, there is an environmental clean-up regarding a contamination nearby a property which had been sold by Gurit more than forty years ago.

35 GRI Disclosure 307: Environmental Compliance 2016

6. Economic Performance³⁶

For the economic performance, value generated and distributed please refer to the Gurit Annual Report 2019 available online at www.gurit.com/investors/reports

6.1 Risks and Opportunities Posed by Climate Change³⁷

Climate change has had a significant impact on Gurit's business performance. As various countries do not meet the agreed carbon emissions targets, governments invest into power generation from renewable energy sources, such as wind energy. Gurit has initiated a significant capital expenditure program to meet market demand for core materials and kitting services for wind turbine blade production. For further information refer to the Gurit Annual Report 2019.

Risks related to climate change are estimated as similar to other businesses, e.g. increasing cost of transportation as a consequence of regulatory interventions or market mechanisms increasing the price of transportation, some sites may be affected by the rise of sea-levels and related flooding or interruption of transportation and commuting routes.

6.2 Approach to Tax³⁸

Gurit has documented internal procedures and handbooks on how to handle tax matters correctly and in line with the relevant legislations as well as the applicable OECD standards. This documentation is used for local tax audits. This also applies to transfer pricing of cross-border, intra-firm transactions. Gurit is listed on the Swiss stock exchange and reports its financial figures according to Swiss GAAP FER accounting standards. These standards provide a true and fair view of the results of operations, cash flows and the financial situation. Gurit does not maintain legal entities in offshore low-tax jurisdictions.

The key principles and regulations regarding Corporate Governance at Gurit are defined in the Statutes of the Company as well as in the organizational regulations. The Board of Directors checks these documents on a regular basis. The key principles regarding Corporate Governance are based on the recommendations set out in the "Swiss Code of Best Practice for Corporate Governance" published by *economiesuisse*, the national federation of the Swiss business community. Gurit's Audit and Corporate Governance Committee consists of non-executive members of the Board of Directors. It assists the Board in its supervisory financial duties and checks the effectiveness and performance of the external auditors. It also oversees the financial reporting processes within the Group. As part of its new Vision, Mission and Values, Gurit has integrated "Sustainability" as a core value and part of the company's long-term vision. The new vision, mission and values were adopted in December 2019 and the roll-out process to all employees started in January 2020, giving all staff members direction for decision-making in daily operations as well as strategic and financial matters.

36 GRI Disclosure 201-1: Direct economic value generated and distributed; GRI 102-31: Review of economic, environmental, and social topics

37 GRI Disclosure 201-2: Financial implications and other risks and opportunities due to climate change

38 GRI Disclosure 207-1: Approach to tax

6.3 Tax Governance³⁹

A tax governance and control framework exists in the form of internal guidelines and accounting manuals that are also used for tax audits with authorities.

Gurit's Audit and Corporate Governance Committee consists of non-executive members of the Board of Directors. It assists the Board in its supervisory financial duties and checks the effectiveness and performance of the external auditors. It also oversees the financial reporting processes within the Group, including taxes.

The Chairman of the Audit and Corporate Governance Committee acts as an independent contact for any concerns and advice on the Gurit Code of Conduct; this includes unlawful behaviour and threats to the company's integrity in relation to tax.

7. Society⁴⁰

Gurit strives to add value to the advanced composites industry, its strategic target markets, customers and business partners, employees, investors as well as the regions and local communities in which it operates. A few local community involvement activities are highlighted in this report. In terms of corporate social responsibility and community involvement Gurit follows a policy of local empowerment where local operations should decide on which activities can support and engage in. As general principles these activities should have a relation to either local operations and staff or a wider business context, and be compatible with Gurit's vision, mission and values.

7.1 Compliance with Laws

During the reporting period Gurit has not identified any non-compliance with laws or regulations in the social and economic area.

7.2 Political Donations⁴¹

The Group makes no political donations and does not support any political party, either directly or indirectly.

39 GRI Disclosure 207-2: Tax governance, control and risk management

40 GRI Disclosure 419: Socioeconomic Compliance 2016

41 GRI Disclosure 415-1: Political contributions

7.3 Associations⁴²

Gurit and part of its subsidiaries participate in local and national organizations and industry associations. The individual involvements, however, do not constitute strategic memberships or imply substantial funding beyond routine membership fees. Gurit sites reported a total of 32 memberships of associations. The main categories were composites industry associations, national employer associations and memberships in chambers of commerce or similar associations.

7.4 Lobbying

Gurit has not engaged in lobbying activities and has not paid third-party intermediaries to engage in lobbying activities on behalf of Gurit beyond regular membership fees in industry associations.

7.5 Financial Assistance Received from Government⁴³

During the reporting period the financial assistance received from governments of Canada, China and the United Kingdom amounted to a total of CHF 382 000 for innovation-related projects.

7.6 Sponsorships⁴⁴

The focus of Gurit's sponsorship commitments is the support of research and development activities in the advanced composites industry, sustainable ventures, academic institutions and composites-related student projects, as well as industry events, within the Group's target markets. When deciding which projects and activities to support, emphasis is placed on sustainability as well as high ethical and moral standards. The amount of sponsorship provided in cash or in-kind in the form of composite materials amounted to CHF 57'000 during the reporting period 1.11.2018 - 31.10.2019.

42 GRI Disclosure 102-13: Membership of associations

43 GRI Disclosure 201-4: Financial assistance received from government

44 GRI 102-12: External initiatives

Corporate Social Responsibility and Employer Branding

Gurit engages selectively in local community involvement and charity projects, doing good, supporting those in need and building a local brand for our employees.



Auckland Walking Challenge: Staff at our Gurit New Zealand office entered in the 'The Auckland Walking Challenge' for the month of November 2019, competing against other local organisations. This team competition is aimed at motivating each other to hit a daily step target, is fun and supports health and well-being.



Te Kau Moana – Unofficial Dinghy Challenge: A team of Gurit amateur sailors participated in an 'unofficial Dinghy Challenge'. To enter the challenge Gurit had been tasked to construct a 4.5m catamaran to compete against our friendly rivals. 'Te Kau Moana' (the cow of the sea) was under-construction for less than 3 weeks at the Gurit Auckland site by the enthusiastic Gurit Asia Pacific Team! The project was worked on after hours and also used as a product training activity for those staff wanting to learn more about Gurit products, composites manufacturing and processing techniques. Te Kau Moana had a successful launch but due to mast and sail issues did not complete the course.



Each year, Gurit's office in the United Kingdom holds a **charity raffle**, which raised GBP 2,183.00 this year. Nathan Wood, winner of the raffle, has chosen the Isle of Wight Special Olympics and Earl Mountbatten Hospice who will both receive GBP 1,091.50 each. Nathan's brother Kevin, pictured at left, holds a special place in his heart for the Special Olympics, and it is in his honor that this gift was made.

Taking care of the environment:

Some of our sites foster environmental conversation programs, like this picture taken in the park of our Newport office.



Gurit UK sponsored **Walk the Wight** in aid of the charity Mountbatten Hospice.

Sponsorship

The largest sponsorship in 2019 went to the **EPFLoop team of the Technical University in Lausanne, Switzerland**. The team designed and built a subscale prototype Hyperloop vacuum tunnel transport vehicle in order to demonstrate technical feasibility of the Hyperloop concept. The competition took place in July 2019 in Los Angeles.

Lorenzo Benedetti, team Leader of EPFLoop states: “Since the first contact back in October 2018, Gurit has been a strategic partner of the EPFLoop team. In a constant research of performance, our engineering

students strived to create a structure for the prototype which is capable of resisting extreme accelerations and intense vibrations and, still, being the lightest possible. We had a very fruitful discussion with Gurit’s engineers, in particular Luke McEwen. Together, we analyzed step by step our structure and optimized the use of the prepreg carbon fiber material. The products identified as suitable for our case were the biaxial prepregs XC411 and RC200, whereas for the sandwich construction the M80 and M200 foams. The final prototype structure reduced substantially its weight, down to one third from the prototype of 2018, while maintaining the safety level required.”



GRI Index

GRI Disclosure	GRI Standard Title	Reference*
Organizational profile		
102-1	Name of the organization	AR p.4-16; 20-36; SD 52-53
102-2	Activities, brands, products, and services	AR p. 2-15; SD p. 54-78
102-3	Location of headquarters	SD p. 60
102-4	Location of operations	SD p. 61; AR 142-144
102-5	Ownership and legal form	AR p. 16-19
102-6	Markets served	AR 8-15, SD 60-66; 68-78
102-7	Scale of the organization	AR p. 6-7
102-8	Information on employees and other workers	SD p. 61, 87-88, 90-91
102-9	Supply chain	AR p. 8-15; SD 93-94
102-10	Significant changes to the organization and its supply chain	AR p. 6-16; SD p. 93
102-11	Precautionary Principle or approach	AR p. 13-14; 29, 120; SD p. 95
102-12	External initiatives	SD p. 101-104
102-13	Membership of associations	SD p. 101
Strategy		
102-14	Statement from senior decision-maker	AR p. 8-15; SD p. 54-57; 67; 89
102-15	Key impacts, risks, and opportunities	AR p. 13-14; SD p. 58, 80
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	AR p. 4-5, SD p. 54-59; 83-84
102-17	Mechanisms for advice and concerns about ethics	AR p. 26; 100; SD p. 83-84
Governance		
102-18	Governance structure	AR p. 20-36; SD p. 81
102-20	EC-level responsibility for economic, environmental, social topics	AR p. 29-33
102-21	Consulting stakeholders on economic, environmental, and social topics	AR p. 34-36; SD p. 79-82
102-22	Composition of the highest governance body and its committees	AR p. 22-36
102-23	Chair of the highest governance body	AR p. 16; 22-25
102-24	Nominating and selecting the highest governance body	AR p. 27
102-25	Conflicts of interest	SD p. 81; 84
102-27	Collective knowledge of highest governance body	AR p. 23-25
102-29	Identifying and managing economic, environmental, and social impacts	SD p. 58-78; 93-104

* AR = Gurit Annual Report 2019, download from: www.gurit.com/Investors/Reports
SD = Gurit Sustainability Report 2019

GRI Disclosure	GRI Standard Title	Reference*
102-31	Review of economic, environmental, and social topics	AR p. 6-15; SD p. 99
102-32	Highest governance body's role in sustainability reporting	SD p. 84
102-33	Communicating critical concerns	SD p. 84
102-34	Nature and total number of critical concerns	SD p. 84
102-35	Remuneration policies	AR p. 38-50
102-36	Process for determining remuneration	AR p. 38-51
102-37	Stakeholders' involvement in remuneration	AR p. 39-50
102-38	Annual total compensation ratio	AR p. 39; 42-49
Stakeholder engagement		
102-40	List of stakeholder groups	SD p. 71; 79-82
102-41	Collective bargaining agreements	SD p. 87-88
102-42	Identifying and selecting stakeholders	SD p. 80-81
102-43	Approach to stakeholder engagement	SD p. 80-82
102-44	Key topics and concerns raised	SD p. 80-81
Reporting practice		
102-45	Entities included in the consolidated financial statements	AR 142-145
102-46	Defining report content and topic Boundaries	SD p. 79-80
102-47	List of material topics	SD p. 58; 80-81
102-49	Changes in reporting	SD p. 79-80
102-50	Reporting period	SD p. 79-80
102-51	Date of most recent report	SD p. 79
102-52	Reporting cycle	SD p. 79-80
102-53	Contact point for questions regarding the report	SD p. 109, AR p. 162
102-54	Claims of reporting in accordance with the GRI Standards	SD p. 79-80
102-55	GRI content index	SD p. 105-107
102-56	External assurance	SD p. 80
201-1	Direct economic value generated and distributed	AR: 99
201-2	Financial implications, risks and opportunities due to climate change	SD p. 63, 99
201-4	Financial Assistance Received from Government	SD p. 101
202	Market Presence 2016	SD p. 87
204	Procurement Practices	SD p. 93-94
207-1	Approach to tax	SD p. 99
207-2	Tax governance, control and risk management	SD p. 100
302-1	Energy consumption within the organization	SD p. 95-98
302-2	Energy consumption outside the organization	SD p. 96
302-3	KWh vs Turnover ratio	SD p. 95
303-05	Water consumption in Litres	SD p. 96
305	Reduction of GHG emissions	SD p. 96
306	Effluents and Waste	SD p. 81; 95
306-2	Waste by type and disposal method	SD p. 95; 97

* AR = Gurit Annual Report 2019, download from: www.gurit.com/Investors/Reports

SD = Gurit Sustainability Report 2019

GRI Disclosure	GRI Standard Title	Reference*
306-3	Significant spills	SD p. 96
307	Environmental Compliance 2016	SD p. 98
307-01	Non-compliance with environmental laws and regulations	SD p. 98
308	Supplier Assessment	SD p. 93-94
401	Training and Education 2016	SD p. 92
403	Occupational Health and Safety	SD p. 88-92
403-2	Hazard identification, risk assessment, and incident investigation	SD p. 90-92
403-4	Worker participation, consultation, and communication	SD p. 91
403-7	Prevention and mitigation of occupational health and safety impacts	SD p. 90-92; 97-98
403-8	Workers covered by an OH&S management system	SD p. 90
403-9	Work-related injuries	SD p. 91-92
403-10	Work-related ill health	SD p. 91-92
404-1	Average hours of training per year per employee	SD p. 92
405	Diversity and Equal Opportunity 2016	SD p. 87
407	Freedom of Association and Collective Bargaining 2016	SD p. 88
415-1	Political contributions	SD p. 100-101
416	Customer Health and Safety 2016	SD p. 84-85, 97-98
417	Marketing and Labeling 2016	SD p. 85
417-2	Incidents of non-compliance concerning product information and labeling	SD p. 85
418	Customer Privacy 2016	SD p. 85
419	Socioeconomic Compliance 2016	SD p. 100
419-1	Non-compliance with laws & regulations in the social and economic area	SD p. 84

* AR = Gurit Annual Report 2019, download from: www.gurit.com/Investors/Reports
SD = Gurit Sustainability Report 2019

About GRI

The Global Reporting Initiative (GRI) is an international independent standards organization that helps businesses understand and communicate their impacts on sustainability-related topics.

www.globalreporting.org

Abbreviations used

AR:	Annual Report
BU:	Business Unit
CEO:	Chief Executive Officer
CHF:	Swiss francs
CO ₂ :	Carbon Dioxide
CoE:	Center of Excellence
CTO:	Chief Technology Officer
GRI:	Global Reporting Initiative
IRENA:	International Renewable Energy Agency
LTIR:	Lost Time Incident Rate
LTAR:	Lost Time Accident Rate
MWh:	Mega Watt hour
NCR:	Non-Conformity Request
OTIF:	On-Time-In-Full
p.:	page
pp.:	multiple consecutive pages
PET:	PolyEthylene Terephthalate
PTC:	Production Tax Credit
REACH	(Registration, Evaluation and Authorisation of Chemicals)
SD:	Sustainable Development (report)
SVHC:	substances of very high concern
UNGC:	United Nations Global Compact
USP:	Unique Selling Proposition
UV:	Ultra Violet

8. Contact

For Sustainability Reporting questions, please contact:

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Weblinks

www.gurit.com/sustainability
www.gurit.com/About/Corporate-Governance
www.gurit.com/About/Sites--Locations/Site-Certificates
www.gurit.com/Investors/Reports

Financial Report

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Consolidated Income Statement

In CHF 1000	Note	Year ended December 31, 2019			Year ended December 31, 2018		
		Continued operations	Discontinued operations*	Total	Continued operations	Discontinued operations*	Total
Net sales	3	558 345	18 065	576 410	410 616	14 728	425 344
Cost of goods sold		- 437 211	- 20 998	- 458 209	- 319 363	- 23 634	- 342 997
Gross profit/(loss)		121 134	- 2 933	118 201	91 253	- 8 906	82 347
Research and development expense		- 7 343	-	- 7 343	- 6 575	- 212	- 6 787
Selling expense		- 15 908	- 123	- 16 031	- 16 367	- 456	- 16 823
Administrative expense		- 32 467	- 1 046	- 33 513	- 24 804	- 960	- 25 764
Other operating income	26	-	562	562	1 644	-	1 644
Other operating expense	5	- 3 890	- 6 041	- 9 931	201	- 6 239	- 6 038
Operating profit/(loss)		61 526	- 9 581	51 945	45 352	- 16 773	28 579
Finance expense	6	- 7 319	- 192	- 7 511	- 3 395	- 392	- 3 787
Finance income	7	2 491	62	2 553	2 835	172	3 007
Ordinary result		56 698	- 9 711	46 987	44 792	- 16 993	27 799
Non-operating and extraordinary result	8	-	-	-	- 980	-	- 980
Profit/(loss) before tax		56 698	- 9 711	46 987	43 812	- 16 993	26 819
Income tax expense	9	- 12 065	-	- 12 065	- 6 920	-	- 6 920
Profit/(loss) for the year		44 633	- 9 711	34 922	36 892	- 16 993	19 899
Thereof attributable to shareholders of Gurit				35 568			20 089
Thereof attributable to minority interests				- 646			- 190
Earnings per share	10						
Basic earnings per bearer share				CHF 76.06			CHF 42.96
Diluted earnings per bearer share				CHF 76.06			CHF 42.96
Basic earnings per registered share				CHF 15.21			CHF 8.59
Diluted earnings per registered share				CHF 15.21			CHF 8.59

The accompanying notes form an integral part of these consolidated financial statements.

* see note 2.2

Consolidated Balance Sheet

In CHF 1000	Note	At December 31, 2019	At December 31, 2018
Assets			
Cash and cash equivalents		44 944	48 233
Derivative financial instruments	12	167	58
Trade receivables	13	109 901	113 198
Other receivables	14	13 803	12 240
Prepayments and accrued income		15 094	21 532
Inventories	15	76 196	73 143
Current assets		260 105	268 404
Other receivables	14	1 901	1 419
Deferred income tax assets	20	5 190	5 942
Property, plant and equipment	16	90 184	88 002
Intangible assets	17	5 440	5 977
Non-current assets		102 715	101 340
Total assets		362 820	369 744
Liabilities and equity			
Borrowings	18	24 920	46 169
Derivative financial instruments	12	320	471
Trade payables		63 759	51 946
Other payables		5 262	7 345
Accrued liabilities and deferred income	19	39 128	40 834
Provisions	21	3 106	6 502
Current liabilities		136 495	153 267
Borrowings	18	72 969	82 103
Deferred income tax liabilities	20	2 261	4 627
Provisions	21	5 121	4 676
Non-current liabilities		80 351	91 406
Total liabilities		216 846	244 673
Share capital		23 400	23 400
Capital reserve		93	56
Treasury shares		- 232	- 118
Retained earnings		123 973	101 621
Equity attributable to shareholders of Gurit		147 234	124 959
Minority interests		- 1 260	112
Total equity	22	145 974	125 071
Total liabilities and equity		362 820	369 744

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

In CHF 1000	Note	Year ended December 31, 2019	Year ended December 31, 2018
Profit for the year		34 922	19 899
Impairment, net of reversals	16, 17	6 371	4 657
Depreciation and amortization	16, 17	13 695	11 588
Finance income and expense, net	6, 7	4 958	780
Income tax expense	9	12 065	6 920
Net losses from disposal of fixed assets		158	144
Losses from disposal of intangible assets		110	–
(Profit) on disposal of subsidiaries	26	–	– 1 644
Other non-cash items		1 850	917
Changes in			
Trade receivables		– 59	– 21 567
Inventories		– 3 423	– 1 902
Other receivables and prepayments and accrued income		4 234	– 8 473
Trade and other payables and accrued liabilities and deferred income		6 973	17 237
Provisions		– 925	413
Cash generated from operations		80 929	28 969
Finance cost, net paid		– 2 264	– 823
Income tax paid		– 12 774	– 8 781
Net cash flow from operating activities		65 891	19 365
Purchase of property, plant and equipment	16	– 23 236	– 13 043
Proceeds from sale of property, plant and equipment		871	141
Purchase of intangible assets	17	– 1 386	– 1 144
Investments in loans receivable		– 2 413	– 883
Proceeds from repayments of loans receivable		1 535	255
Business acquisition	25	– 4 314	– 78 459
Proceeds from disposal of subsidiaries	26	–	615
Net cash flow from investing activities		– 28 943	– 92 518
Changes in current borrowings, net		– 27 923	33 862
Changes in non-current borrowings, net		–	55 709
Distribution to shareholders		– 9 337	– 9 333
Purchase of treasury shares	22	– 1 156	– 1 185
Capital contribution minority interests		22	–
Net cash flow from financing activities		– 38 394	79 053
Net change in cash and cash equivalents		– 1 446	5 900
Cash and cash equivalents at the beginning of the year		48 233	44 595
Net change in cash and cash equivalents		– 1 446	5 900
Exchange losses on cash		– 1 843	– 2 262
Cash and cash equivalents at the end of the year		44 944	48 233

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

In CHF 1000	Note	Share capital	Capital reserve	Treasury shares
Balance at January 1, 2018		23 400	1 797	- 110
Profit for the year		-	-	-
Changes in hedging reserve		-	-	-
Currency translation adjustments		-	-	-
Total income and expense for the year		-	-	-
Distribution to shareholders	11	-	- 1 755	-
Usage of treasury shares for share-based compensation		-	14	1 177
Share-based compensation		-	-	-
Purchase of treasury shares		-	-	- 1 185
Total transactions with shareholders		-	- 1 741	- 8
Goodwill directly offset with equity	22, 25	-	-	-
Balance at December 31, 2018		23 400	56	- 118
Profit for the year		-	-	-
Changes in hedging reserve		-	-	-
Currency translation adjustments		-	-	-
Total income and expense for the year		-	-	-
Distribution to shareholders	11	-	-	-
Usage of treasury shares for share-based compensation		-	37	1 042
Share-based compensation		-	-	-
Purchase of treasury shares		-	-	- 1 156
Total transactions with shareholders		-	37	- 114
Minority capital contribution		-	-	-
Goodwill directly offset with equity	22, 25	-	-	-
Balance at December 31, 2019		23 400	93	- 232

The accompanying notes form an integral part of these consolidated financial statements.

Hedging reserve	Currency translation adjustments	Offset goodwill	Other retained earnings	Total retained earnings	Equity attributable to shareholders of Gurit	Minority interests	Total equity
223	- 34 430	- 35 251	250 206	180 748	205 835	301	206 136
-	-	-	20 089	20 089	20 089	- 190	19 899
- 457	-	-	-	- 457	- 457	-	- 457
-	- 9 939	-	-	- 9 939	- 9 939	1	- 9 938
- 457	- 9 939	-	20 089	9 693	9 693	- 189	9 504
-	-	-	- 7 578	- 7 578	- 9 333	-	- 9 333
-	-	-	- 1 315	- 1 315	- 124	-	- 124
-	-	-	1 047	1 047	1 047	-	1 047
-	-	-	-	-	- 1 185	-	- 1 185
-	-	-	- 7 846	- 7 846	- 9 595	-	- 9 595
-	-	- 80 974	-	- 80 974	- 80 974	-	- 80 974
- 234	- 44 369	- 116 225	262 449	101 621	124 959	112	125 071
-	-	-	35 568	35 568	35 568	- 646	34 922
234	-	-	-	234	234	-	234
-	- 3 508	-	-	- 3 508	- 3 508	11	- 3 497
234	- 3 508	-	35 568	32 294	32 294	- 635	31 659
-	-	-	- 9 337	- 9 337	- 9 337	-	- 9 337
-	-	-	- 1 048	- 1 048	31	-	31
-	-	-	1 582	1 582	1 582	-	1 582
-	-	-	-	-	- 1 156	-	- 1 156
-	-	-	- 8 803	- 8 803	- 8 880	-	- 8 880
-	-	-	-	-	-	22	22
-	-	- 1 139	-	- 1 139	- 1 139	- 759	- 1 898
-	- 47 877	- 117 364	289 214	123 973	147 234	- 1 260	145 974

Notes to the Consolidated Financial Statements

1. General information

Gurit Holding AG, incorporated in Wattwil, Switzerland (“the Company”), and its subsidiaries (together “the Group”) are specialized in the development and manufacture of advanced composite materials, composite tooling equipment and core kitting services. The product range comprises structural core materials, fibre reinforced prepregs, wind blade moulds, formulated products including coatings, resins and adhesives as well as structural composite engineering.

The bearer shares of Gurit Holding AG are listed on SIX Swiss Exchange; the registered shares are mostly in firm hands and are not listed.

These consolidated financial statements were signed off by the Board of Directors on February 24, 2020, for publication. The Annual General Meeting of Shareholders, scheduled for April 15, 2020, will vote on these consolidated financial statements.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Gurit Holding AG have been prepared in accordance with the complete set of Swiss GAAP FER. They comply with the complementary recommendation for listed companies (Swiss GAAP FER 31) and are in conformity with the Swiss law and the requirements of the SIX Swiss Exchange. These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of securities (including derivative financial instruments) at fair value through profit or loss. All financial information included in the consolidated financial statements and notes to the consolidated financial statements are presented in Swiss francs and rounded to the nearest thousand, unless otherwise stated.

2.1.1 Gross Profit

Gross profit represents net sales less cost of goods sold and is used internally as a key performance indicator for the Group.

2.2 Discontinued Operations: Automotive components business

At December 19, 2018, Gurit announced its decision to restructure the Composite Components business, by transferring the production of automotive body panel parts (components) from the UK (Isle of White) to Gurit Hungary and the subsequent closure of the UK based production. Furthermore a sales process had been initiated with the aim to divest the automotive business. On February 11, 2020, Gurit Holding AG sold all its shares in Gurit Hungary Kft. to another advanced composite parts manufacturer. The impact of this transaction on the Group's financial performance in the year 2019 and on the Group's financial position as at December 31, 2019, is reflected in these consolidated financial statements.

In 2019, discontinued operations generated net sales of CHF 18 065 000 (2018: CHF 14 728 000) and an operating loss of CHF 9 581 000 (2018: CHF 16 773 000). The operating loss includes restructuring and impairment charges of CHF 1 415 000 (2018: CHF 1 683 000) and CHF 4 654 000 (2018: CHF 4 613 000), respectively (see note 5).

2.3 Consolidation

2.3.1 Changes in the scope of consolidation

As at July 1, 2019, the newly founded subsidiary Gurit Italy PET Recycling S.r.l acquired specific assets from Valplastic S.r.l in Italy, including operating assets. The group holds an ownership interest of 60% in this new subsidiary. In addition, Balsablock Cia. Ltda., Ecuador was merged into Gurit Balsaflex Cia. Ltda., Ecuador, a new subsidiary JSB Kitting Matamoros S.A. de C.V., in Mexico was incorporated and Gurit Tooling (Netherlands) BV, in Netherlands was liquidated.

As at October 15, 2018 Gurit Holding AG acquired all shares in JSB Holding ApS in Denmark (later renamed to Gurit Kitting Holding ApS).

Further details on the business acquisitions and the subsidiaries of the Group are disclosed in notes 25 and 28.

As at December 21, 2018 Gurit Holding divested all shares in Gurit (Qingdao) Composite Material, China. Further details on the business divestment is disclosed in note 26.

2.3.2 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the business acquisitions by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Intangible assets are only recognized if they were already recognized in the balance sheet of the acquired business at the acquisition date. The net assets taken over in an acquisition are measured initially at fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the Group's share of the newly valued net assets taken over is designated as goodwill.

At the date of the acquisition, the acquired goodwill is offset with equity. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is also offset in equity. Subsequent adjustments to any contingent purchase consideration are recorded as an adjustment to the acquisition's cost and to goodwill. Adjustments to the fair values of the acquired net assets are recorded in the income statement in subsequent periods. Intercompany transactions, balances, and unrealized gains and losses on transactions between Group companies are eliminated.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs, which is the Company's functional and the Group's presentation currency.

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

2.4.3 Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates; and
- (c) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Fair value adjustments arising out of the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. For the purposes of disclosure of the effects of a theoretical capitalization, goodwill is treated as an asset of Gurit Holding AG and is carried in the Company's functional currency.

The principal exchange rates versus the Swiss franc were as follows:

	December 31, 2019	ø 2019	December 31, 2018	ø 2018
1 US dollar	0.9675	0.9937	0.9840	0.9785
1 Euro	1.0854	1.1125	1.1263	1.1549
1 British Pound	1.2759	1.2690	1.2533	1.3055
1 Canadian dollar	0.7433	0.7489	0.7219	0.7550
1 Chinese yuan renminbi	0.1389	0.1439	0.1431	0.1480

2.5 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of composite materials, composite automotive parts, wind energy core material kits, wind turbine blade mould sets as well as engineering services. Revenue is shown net of value-added tax, returns, rebates, and discounts and after eliminating sales within the Group.

Revenue from the sale of composite materials, composite automotive parts and wind energy core material kits is recognized when the goods have been delivered to the agreed place and when significant risks and rewards of ownership have transferred to the customer in accordance with the agreed Incoterms (International Commercial Terms). The related invoices are usually payable within 60 days on average. Revenue recognition from the sale of the wind-turbine tooling project business is contract-dependent and typically recognized after the customer has inspected the goods at our premises, the so called Factory Acceptance test ("FAT") and upon receipt of such signed FAT acceptance document. Gurit thus applies the completed contract method of revenue recognition in the tooling business. Payment terms vary by customer and typically consist of several progress payments during the project duration with the majority of payments being received after successful completion of the FAT and the residual payments received after successful passing of the customer Site Acceptance Test ("SAT"). Revenue from engineering services is recognized when the service is completed. The related invoices are usually payable within 60 days at the end of the month.

2.6 Employee benefits

2.6.1 Pension obligations

The obligations of all Group companies in respect of retirement, death, and disability are based on local rules and regulations in the respective countries. With the exception of the Ecuadorian Group companies and the Indonesian company, the obligation in respect of the pension plans of all Group companies is with a third party pension institution and not with the Group companies.

The two Ecuadorian Group companies and the Indonesian company are required by law to grant certain retirement benefits. The obligation is exclusively patronal and is provisioned by these companies without making contributions to any fund. The liability recognized in the balance sheet in respect of these obligations is the fair value of the obligation at the end of the reporting period and is calculated annually by independent actuaries using the projected unit credit method, in line with local law. Changes in the liabilities are recognized as "personnel expense".

2.6.2 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal termination date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the balance sheet date are discounted to present value. Provisions for termination benefits are recorded in the consolidated balance sheet within "provisions".

2.6.3 Share-based compensation

The Group operates different equity-settled share-based compensation schemes, under which the entity receives services from directors and from employees for equity instruments of the Company. The fair value of the services received in exchange for the granting of equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted.

2.7 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets relating to temporary differences and to tax losses are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.8 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either: hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or hedges of variability in cash flow for a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge). The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 12. Movements on the “hedging reserve” in shareholders’ equity are shown in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than twelve months, and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as a current asset or liability.

All of the Group’s derivative financial instruments relate to foreign exchange instruments.

2.8.1 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

2.8.2 Derivatives accounted for at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are recognized immediately in the income statement.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less.

2.10 Trade receivables

Trade receivables are valued at par value less impairment, if any. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due, according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Furthermore, the Group records a general provision on long overdue, not insured or otherwise secured receivables, that are not covered by specific provisions, as follows: 30% on all balances overdue more than 90 days, 60% on all balances overdue more than 180 days, 80% on all balances overdue more than 270 days and 100% on all balances overdue more than 360 days. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within “other operating expenses”. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against “other operating expenses” in the income statement.

2.11 Loans and other receivables

Loans and other receivables are valued at par value less impairment, if any.

2.12 Inventories

Inventories are stated at the lower of average cost price or manufacturing cost and net realizable value. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs, and related production overheads (based on normal operating capacity). Early payment discounts are treated as a deduction of the purchase price. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Plant and equipment: 4 –15 years
- Buildings: 40 – 50 years
- Other tangible assets: 4 –10 years

Any property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.14 Intangible assets

Intangible assets contain patents, land use rights, software, and other intangible assets. They are carried at historical cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives, which for patents, software, and other intangible assets normally do not exceed five years, but can extend to ten years in exceptional cases. Land use rights are amortized over 50 years, which represents the period of the use rights. Internally generated intangible assets are not recognized as assets.

2.15 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.16 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Leases of property, plant and equipment, where the Group substantially has all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2.17 Payables and Borrowings

Payables and Borrowings are recognized at par value, net of transaction cost incurred.

2.18 Provisions

Provisions for warranties, restructuring costs, legal cases, business acquisition-related earn-outs and others are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects

current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.19 Equity

2.19.1 Treasury shares

Where any Group company purchases the Company's equity share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

2.19.2 Goodwill offset in equity

Goodwill represents the excess of the cost of an acquisition over the Group's share of the newly valued net assets taken over. At the date of the acquisition, the acquired goodwill is offset with equity.

For purposes of the disclosure of the effects of a theoretical capitalization, acquired goodwill is amortized over five years and carried at cost less accumulated amortization and impairment losses. Impairment losses on goodwill are not reversed.

In case of a disposal, acquired goodwill offset with equity at an earlier date is considered at original cost to determine the profit or loss recognized in the income statement.

3. Segment information

In CHF 1000	2019	2018 restated
Net sales by segments		
Composite Materials	249 523	221 287
Kitting	190 724	28 914
Tooling	106 134	118 536
Aerospace	53 531	49 882
Inter-segment elimination	- 41 567	- 8 003
Total continued operations	558 345	410 616
Discontinued operations (Composite Components)	18 065	14 728
Total Group	576 410	425 344

Gurit disclaims the disclosure of segment financial operating results as such disclosure would bear the risk of significant competitive disadvantages. The target markets in which most Business Units operate, are relatively confined market niches and the product offering of these units is relatively homogeneous. Most of the main direct competitors in the markets in which those segments operate are either not stock exchange-listed or do not disclose the relevant comparable segment information. As a result, disclosure of the performance of these segments would lead to significant competitive disadvantages.

Restatement

Due to the increased importance of inter-business unit sales, the disclosure of business unit sales are newly presented showing total net sales of the business units and the total inter-business unit sales elimination in a separate line. Previously, the disclosed business unit sales only showed third party net sales of the respective business units. In addition, Composite Engineering sales, which were previously part of Business Unit Composite Components, are newly included in Business Unit Composite Materials. Prior-period figures have been restated to conform to the new presentation.

In CHF 1000	2019	2018
Net sales by regions of destination		
Europe	181 892	160 071
Asia	215 395	155 574
Americas	132 095	81 005
Rest of the world	47 028	28 694
Total net sales	576 410	425 344

4. Personnel expense

In CHF 1000	2019	2018
Salaries and wages	94 590	78 037
Pension expense	3 562	2 064
Social security expense	15 041	12 061
Other personnel expenses	10 579	7 456
Total personnel expense	123 772	99 618

Salaries and wages include share-based compensation in the aggregate amount of CHF 1 582 000 (2018: CHF 1 047 000). The members of the Board of Directors receive a fixed number of bearer shares of the Company as part of their total annual compensation. In accordance with the Group's Share Participation Plan for Management, members of the Executive Committee and the next level of management receive a part of their performance-related compensation in form of Gurit bearer shares. All these shares are subject to a lock-up period of three years. For 2019, the members of the Board of Directors and the Executive Committee and other employees will receive, in aggregate, 1 130 bearer shares (2018: 1 093 bearer shares).

The amount of the share-based compensation was calculated based on a share price of CHF 1 400 (2018: share price of CHF 958).

The pension expense is summarized as follows:

Economical benefit / obligation and pension expenses

In CHF 1000	Surplus/ (deficit)	Economical share of the Group		Change to prior year	Contributions accrued	Pension benefit expenses within personnel expense	
		Dec. 31, 2019	Dec. 31, 2018			2019	2018
Patronage pension, unfunded	- 482	- 482	- 450	- 32	32	32	112
Pension institutions without surplus/deficit	-	-	-	-	-	3 530	1 952
Pension institutions with surplus	-	-	-	-	-	-	-
Pension institutions with deficit	-	-	-	-	-	-	-
Pension institutions without own assets	-	-	-	-	-	-	-
Total	- 482	- 482	- 450	- 32	32	3 562	2 064

During 2019 and 2018, the Group did not have any employer contribution reserves.

5. Other operating expense

In CHF 1000	Note	2019	2018
Change in provision for impairment of trade receivables	13	627	- 1 316
Restructuring expenses	21	1 824	2 439
Impairment charges, net of reversals	16, 17	6 371	4 657
Other operating expenses		1 109	258
Total other operating expense		9 931	6 038

In connection with the Automotive components business restructuring and divestment (see note 2.2), the Group recorded restructuring expenses of CHF 1 415 000 (2018: CHF 1 683 000) and impairment charges of CHF 4 654 000 (2018: CHF 4 613 000). The remaining impairment expenses in 2019 relate mainly to the announced closure of the Aerospace plant in Zullwil, Switzerland in the second half of 2021. Operations in the Zullwil plant will be stopped following Gurit's decision to relocate the Aerospace production programs to its other Aerospace plant in Kassel, Germany.

6. Finance expense

In CHF 1000	2019	2018
Interest expense	1 940	728
Exchange rate losses	4 916	2 560
Other finance expenses	655	499
Total finance expense	7 511	3 787

7. Finance income

In CHF 1000	2019	2018
Interest income	321	402
Exchange rate gains	2 222	2 605
Other finance income	10	–
Total finance income	2 553	3 007

8. Extraordinary expense

A Swiss real estate property formerly owned and operated by Gurit is subject to environmental clean-up proceedings by the authorities. Gurit believes that an amount of CHF 980 000 will be required to settle its liability. Therefore, a provision in this amount had been recognized in 2018. This claim dates back to a contamination, which had occurred more than 40 years ago, nearby a property, which had been sold by Gurit more than forty years ago. Management regards this as a very rare case of an environmental claim. Accordingly, the provision expense has been classified in 2018 as an extraordinary item in the consolidated income statement.

9. Income tax expense

In CHF 1000	Note	2019	2018
Deferred income tax (credit)	20	– 1 559	– 2 177
Current income tax expense		13 624	9 097
Total income tax expense		12 065	6 920

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as follows:

In CHF 1000	2019	2018
Profit before tax	46 987	26 819
Tax expense at the weighted average tax rate of 23.1% (2018: 20.0%)	10 847	5 364
Utilization of previously unrecognized tax losses	– 1 831	– 383
Tax losses for which no deferred income tax asset was recognized	1 993	2 367
Not recoverable withholding taxes	2 185	– 478
Recognition of previously unrecognized deferred tax assets	– 1 154	– 1 534
Expenses not deductible for tax purposes	1 168	1 969
Adjustment in respect of prior years	– 607	11
Effect of tax concessions	– 290	– 340
Others	– 246	– 56
Income tax expense recognized in profit or loss	12 065	6 920

10. Earnings per share

Basic and diluted earnings per share are calculated on the basis of the profit for the year attributable to shareholders of Gurit and the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares. The calculation takes into account the different par values of the bearer and registered shares. The Company does not have any categories of potentially dilutive ordinary shares.

	2019	2018
Profit for the year attributable to shareholders of Gurit (in CHF 1000)	35 568	20 089
Weighted average number of shares in issue during the year		
Bearer shares	419 661	419 710
Registered shares	239 795	239 795
Basic and also diluted earnings per share (in CHF)		
Bearer shares (par value of CHF 50)	76.06	42.96
Registered shares (par value of CHF 10)	15.21	8.59

11. Distribution to shareholders

In accordance with the resolution of the Annual General Meeting of Shareholders held on April 9, 2019, a dividend of CHF 9 360 000 has been distributed to the shareholders on April 15, 2019 (CHF 4.00 per registered share and CHF 20.00 per bearer share). In 2018, an amount of CHF 9 360 000 has been distributed to the shareholders (CHF 4.00 per registered share and CHF 20.00 per bearer share).

At the Annual General Meeting on April 15, 2020 a dividend distribution of CHF 11 700 000 will be proposed (CHF 5.00 per registered share and CHF 25.00 per bearer share). These financial statements do not reflect this distribution payable.

12. Derivative financial instruments

In CHF 1000	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges, categorized as derivatives used for hedging	–	–	–	– 133
Cash flow hedges, categorized as derivatives at fair value through profit and loss	167	– 320	58	– 338
Total derivative financial instruments	167	– 320	58	– 471
Whereof				
Current portion	167	– 320	58	– 471
Non-current portion	–	–	–	–

13. Trade receivables

In CHF 1000	2019	2018
Trade receivables	113 256	116 934
Less: provision for impairment	- 3 355	- 3 736
Trade receivables, net	109 901	113 198

In CHF 1000	2019	2018
Aging of trade receivables		
Not due	93 232	96 536
Overdue 1-15 days	8 050	7 762
Overdue 16-30 days	4 426	3 659
Overdue more than 30 days	7 548	8 977
Total trade receivables	113 256	116 934
Less: provision for impairment	- 3 355	- 3 736
Total trade receivables, net	109 901	113 198

In CHF 1000	2019	2018
Movements on the provision for impairment		
Balance at January 1	3 736	5 326
Provision for receivables impairment	875	324
Receivables written off as uncollectible	- 1 012	- 74
Unused amounts reversed	- 248	- 1 640
Exchange differences	4	- 200
Balance at December 31	3 355	3 736

In CHF 1000	2019	2018
Trade receivables by currency		
US dollar	29 366	30 327
British pound	386	2 219
Euro	38 965	40 221
Chinese yuan renminbi	40 596	39 890
Others	588	541
Total trade receivables, net	109 901	113 198

14. Other receivables

In CHF 1000	2019	2018
Other receivables	12 114	10 624
Loans	3 590	3 035
Total other receivables	15 704	13 659
Whereof		
Current portion	13 803	12 240
Non-current portion	1 901	1 419

15. Inventories

In CHF 1000	2019	2018
Raw materials	37 171	36 411
Work in progress	8 231	12 893
Semi-finished goods	14 047	8 002
Finished goods	20 512	20 291
Total inventories	79 961	77 597
Less: inventory provision	- 3 765	- 4 454
Total inventories, net	76 196	73 143

16. Property, plant and equipment

In CHF 1000	Note	Plant and equipment	Real estate	Equipment under construction and advance payments	Other tangible assets	Total property, plant and equipment
Cost						
Balance at January 1, 2018		128 802	50 671	6 834	2 813	189 120
Additions		7 322	3 148	3 422	256	14 148
Business acquisition	25	14 018	2 298	1 541	265	18 122
Business divestment	26	- 7 700	- 1 743	- 111	-	- 9 554
Disposals		- 3 679	- 59	- 61	- 115	- 3 914
Reclassifications		3 923	2 736	- 6 695	36	-
Exchange differences		- 5 501	- 1 818	- 174	- 138	- 7 631
Balance at December 31, 2018		137 185	55 233	4 756	3 117	200 291
Additions		7 799	561	14 679	236	23 275
Business acquisition	25	707	-	-	-	707
Disposals		- 13 593	-	- 325	- 331	- 14 249
Reclassifications		11 555	- 275	- 11 335	55	-
Exchange differences		- 2 466	- 875	- 232	- 68	- 3 641
Balance at December 31, 2019		141 187	54 644	7 543	3 009	206 383
Accumulated depreciation						
Balance at January 1, 2018		91 200	19 534	-	1 967	112 701
Depreciation charges		8 529	1 376	-	383	10 288
Impairment charges		3 908	434	-	-	4 342
Impairment reversals		- 14	-	-	-	- 14
Business divestment	26	- 5 973	- 876	-	-	- 6 849
Disposals		- 3 465	- 59	-	- 105	- 3 629
Reclassifications		19	- 33	-	14	-
Exchange differences		- 3 833	- 640	-	- 77	- 4 550
Balance at December 31, 2018		90 371	19 736	-	2 182	112 289
Depreciation charges		10 664	1 225	-	420	12 309
Impairment charges		4 681	1 287	-	29	5 997
Disposals		- 12 948	-	-	- 272	- 13 220
Reclassifications		495	- 495	-	-	-
Exchange differences		- 1 092	- 75	-	- 9	- 1 176
Balance at December 31, 2019		92 171	21 678	-	2 350	116 199
Net book values						
Balance at January 1, 2018		37 602	31 137	6 834	846	76 419
Balance at December 31, 2018		46 814	35 497	4 756	935	88 002
Balance at December 31, 2019		49 016	32 966	7 543	659	90 184

Impairment

In 2019, the Group recorded impairment charges of CHF 4 654 000 (2018: CHF 4 613 000) in connection with the restructuring and divestment of the Automotive components business (see note 2.2). The remaining impairment expenses in 2019 relate mainly to the announced closure of the Aerospace plant in Zullwil, Switzerland in the second half of 2021. Operations in the Zullwil plant will be stopped following Gurit's decision to relocate the Aerospace production programs to its other Aerospace plant in Kassel, Germany.

Non-cash transaction

Additions in property, plant and equipment include a purchase in the amount of CHF 39 000 (2018: CHF 1 105 000), which was financed with a non-current loan.

Assets under Finance Lease

Property, plant and equipment include assets under finance lease of CHF 783 000 (2018: CHF 1 206 000).

17. Intangible assets

In CHF 1000	Note	Patents and trademarks	Land use rights	Software and other intangibles	Total intangible assets
Cost					
Balance at January 1, 2018		4 223	3 179	8 130	15 532
Additions		367	–	777	1 144
Business acquisition	25	–	–	662	662
Business divestment	26	–	– 231	– 28	– 259
Disposals		–	–	– 145	– 145
Exchange differences		– 242	– 145	– 356	– 743
Balance at December 31, 2018		4 348	2 803	9 040	16 191
Additions		162	–	1 224	1 386
Business acquisition	25	–	–	14	14
Disposals		– 416	–	– 6	– 422
Exchange differences		86	– 82	– 69	– 65
Balance at December 31, 2019		4 180	2 721	10 203	17 104
Accumulated amortization					
Balance at January 1, 2018		2 882	523	5 875	9 280
Amortization charges		263	63	974	1 300
Impairment charges		–	–	329	329
Business divestment	26	–	– 50	– 23	– 73
Disposals		–	–	– 145	– 145
Exchange differences		– 174	– 24	– 279	– 477
Balance at December 31, 2018		2 971	512	6 731	10 214
Amortization charges		274	57	1 055	1 386
Impairment charges		358	–	16	374
Disposals		– 311	–	– 1	– 312
Exchange differences		66	– 17	– 47	2
Balance at December 31, 2019		3 358	552	7 754	11 664
Net book values					
Balance at January 1, 2018		1 341	2 656	2 255	6 252
Balance at December 31, 2018		1 377	2 291	2 309	5 977
Balance at December 31, 2019		822	2 169	2 449	5 440

18. Borrowings

In CHF 1000	up to 1 year	1 to 5 years	Total	annual average interest rates in %
2019				
Bank overdrafts	1 446	–	1 446	1.1
Bank loans	23 111	71 357	94 468	1.3
Other loans	–	1 093	1 093	4.3
Finance lease	363	519	882	2.1
Total borrowings	24 920	72 969	97 889	
2018				
Bank overdrafts	5 204	–	5 204	1.1
Bank loans	40 643	80 063	120 706	1.1
Other loans	–	1 112	1 112	3.3
Finance lease	322	928	1 250	2.1
Total borrowings	46 169	82 103	128 272	

In 2019 and in 2018, there were no secured bank borrowings except for finance lease.

Committed credit facilities

As at December 31, 2019, Gurit Holding AG has unsecured committed credit facilities in place in the total amount of CHF 155 163 000 (2018: CHF 156 126 000). Thereof CHF 91 357 000 was drawn as of 31 December 2019 (2018: CHF 117 305 000). These credit facilities expire on December 31, 2023 and contractually agreed amortization starts in June 30, 2020, with a total amount of CHF 10 000 000 per semester. These credit facilities are subject to compliance with agreed covenants regarding a minimum equity ratio and a maximum gross debt to EBITDA ratio. In the current and in the prior year, Gurit complied with all financial covenants.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

In CHF 1000	2019	2018
Currency		
Swiss franc	45 010	69 100
Euro	47 917	55 537
US dollar	4 204	2 569
Danish krone	758	1 066
Total borrowings	97 889	128 272

19. Accrued liabilities and deferred income

In CHF 1000	2019	2018
Current income tax liabilities	3 829	3 449
Advance payments from customers	15 650	16 226
Accruals	19 649	21 159
Total accrued liabilities and deferred income	39 128	40 834

Accruals include accrued sales rebates, accrued bonus, other payroll related costs and others.

20. Deferred income tax

In CHF 1000	2019	2018
Deferred income tax assets	5 190	5 942
Deferred income tax (liabilities)	- 2 261	- 4 627
Deferred income tax assets/(liabilities), net	2 929	1 315

The movement on the deferred income tax account is as follows:

In CHF 1000	Note	2019	2018
Balance at January 1		1 315	- 781
Deferred income tax credit	9	1 559	2 177
Tax effect recorded in equity		-	30
Deferred tax assets from business acquisition	25	-	150
Exchange differences		55	- 261
Balance at December 31		2 929	1 315

Tax claims from tax losses carried forward are analysed as follows:

In CHF 1000	2019	2018
Recognized tax claims from tax losses carried forward	2 599	1 799
Unrecognized tax claims from tax losses carried forward	7 682	7 667
Total tax claims from tax losses carried forward	10 281	9 466

The unrecognized tax losses expire as shown in the table below:

In CHF 1000	2019	2018
0 - 3 years	4 431	3 335
4 - 6 years	23 966	14 544
Over 6 years	12 545	12 220
No expiry	7 447	12 150
Total unrecognized tax losses	48 389	42 249

As at December 31, 2019, unrecognized tax losses as disclosed above contain unrecognized tax losses of CHF 21 822 000 related to Gurit Hungary Kft. Thereof CHF 19 670 000 expire in four to six years. Gurit Hungary Kft. has been sold on February 11, 2020 (see note 27).

21. Provisions

In CHF 1000	Note	Warranty	Restructuring	Earn-Out Provisions	Other	Total provisions
Balance at January 1, 2018		1 831	1 463	–	245	3 539
Utilized during the year		– 823	– 2 206	–	– 903	– 3 932
Additions		982	2 831	–	1 250	5 063
Business acquisition	25	–	–	6 521	1 001	7 522
Unused amounts reversed		– 374	– 392	–	– 9	– 775
Unwinding of discount		–	–	57	–	57
Exchange differences		– 78	– 80	– 139	1	– 296
Balance at December 31, 2018		1 538	1 616	6 439	1 585	11 178
Utilized during the year		– 962	– 2 067	– 3 777	– 488	– 7 294
Additions		1 045	1 824	–	1 068	3 937
Business acquisition	25	–	–	–	446	446
Unused amounts reversed		– 23	–	–	–	– 23
Unwinding of discount		–	–	103	–	103
Exchange differences		– 49	2	– 34	– 39	– 120
Balance at December 31, 2019		1 549	1 375	2 731	2 572	8 227
Whereof at December 31, 2018						
Current portion		589	1 616	3 692	605	6 502
Non-current portion		949	–	2 747	980	4 676
Whereof at December 31, 2019						
Current portion		649	1 075	1 382	–	3 106
Non-current portion		900	300	1 349	2 572	5 121

22. Equity

The issued share capital of the Company consists of 420 000 bearer shares (2018: 420 000 shares) with a par value of CHF 50.00 each and 240 000 registered shares (2018: 240 000 shares) with a par value of CHF 10.00 each. All issued shares are fully paid. The Company has no authorized or conditional capital. The entitlement to dividend payments is based on the par value of the shares, while the voting power is defined by the number of shares.

The Company's statutory or legal reserves that may not be distributed amounted to CHF 4 912 000 at December 31, 2019 (2018: CHF 4 798 000).

Treasury shares:

In number of shares	2019	2018
Registered shares		
Balance at January 1	205	205
Balance at December 31	205	205
Bearer shares		
Balance at January 1	94	93
Additions at CHF 1 006 each (2018: CHF 871)	1 150	1 360
Disposals (used for share-based compensation)	- 1 045	- 1 359
Balance at December 31	199	94

Goodwill from acquisitions

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of the total goodwill (incl. shareholders of Gurit and minority interests) is disclosed below:

In CHF 1000	Note	Cost	Accumulated amortization	Theoretical net book value
Balance at January 1, 2018		35 251	- 27 251	8 000
Additions	25	80 974	-	80 974
Amortization charge		-	- 5 014	- 5 014
Balance at December 31, 2018		116 225	- 32 265	83 960
Additions	25	1 898	-	1 898
Amortization charge		-	- 18 222	- 18 222
Balance at December 31, 2019		118 123	- 50 487	67 636

Impact on income statement:

In CHF 1000	2019	2018
Profit for the year according to the consolidated income statement	34 922	19 899
Amortization of goodwill	– 18 222	– 5 014
Theoretical profit for the year including amortization	16 700	14 885

Impact on balance sheet:

In CHF 1000	2019	2018
Equity according to the balance sheet	145 974	125 071
Theoretical capitalization of goodwill (net book value)	67 636	83 960
Theoretical equity including net book value of goodwill	213 610	209 031
Equity according to balance sheet	145 974	125 071
Equity as % of total assets	40.2%	33.8%
Theoretical equity including net book value of goodwill	213 610	209 031
Theoretical equity including net book value of goodwill as % of total assets	49.6%	46.1%

23. Contingent liabilities

In connection with the acquisition of PH Windsolutions Inc.'s business on September 1, 2017, a contingent purchase consideration had been agreed with the Sellers of the business. A part of it had been paid out in 2019. As the achievement of the underlying conditions of the remaining contingent purchase consideration of CAD 1 500 000 (CHF 1 115 000) appears unlikely as of the date of this report, no provision has been recognized.

24. Commitments

Capital expenditures for the purchase of property, plant and equipment contracted for at the balance sheet date but not yet incurred amount to CHF 5 872 000 (2018: CHF 4 017 000).

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

In CHF 1000	2019	2018
No later than 1 year	5 845	4 208
Later than 1 year, no later than 5 years	12 959	9 444
Later than 5 years	2 330	3 644
Total commitments	21 134	17 296

25. Business acquisition

In 2019, the Group acquired the business of Valplastic S.r.l in Italy. In addition, the cash outflow in connection with the prior year recognized earn-out provision (acquisition of PH Windsolutions) amounted to CHF 2 331 000.

In 2018, the Group acquired the JSB Group headquartered in Denmark. In addition, an earn-out provision of CHF 2 355 000 has been recognized in connection with the prior year acquisition of PH Windsolutions (see also note 23).

See also note 2.3.1. The transactions are summarized as follows:

In CHF 1000	Note	2019			2018
		Valplastic	JSB	PH Windsolutions	Total
Cash paid		1 825	80 011	–	80 011
Direct costs related to the acquisitions		158	1 341	–	1 341
Total purchase consideration		1 983	81 352	–	81 352
less: Fair value of net assets acquired		– 85	– 2 102	1 724	– 378
Goodwill	22	1 898	79 250	1 724	80 974
Cash and cash equivalents		–	2 893	–	2 893
Trade receivables		–	21 719	–	21 719
Other receivables		370	2 769	–	2 769
Inventories		1 553	13 150	–	13 150
Deferred income tax assets	20	–	282	631	913
Property, plant and equipment	16	707	18 122	–	18 122
Intangible assets	17	14	662	–	662
Borrowings		–	– 30 835	–	– 30 835
Trade payables		– 1 571	– 15 484	–	– 15 484
Other payables		– 542	– 5 246	–	– 5 246
Deferred income tax liabilities	20	–	– 763	–	– 763
Provisions	21	– 446	– 5 167	– 2 355	– 7 522
Total fair value of net assets acquired		85	2 102	– 1 724	378
Purchase consideration settled in cash		1 983	81 352	–	81 352
Less: cash and cash equivalents acquired		–	– 2 893	–	– 2 893
Cash outflow on acquisitions during the year		1 983	78 459	–	78 459

26. Business divestment

In 2018, the Group divested all shares in its PVC production facility Gurit (Qingdao) Composite Material, China. Gurit decided to discontinue the production of PVC but will continue trading PVC material. See also note 2.3.1. The transaction is summarized as follows:

In CHF 1000	Note	2018
Cash and cash equivalents		636
Trade receivables		214
Other receivables		28
Inventories		500
Property, plant and equipment	16	2 705
Intangible assets	17	186
Trade payables		- 133
Other payables		- 235
Borrowings		- 4 436
Net liabilities disposed		- 535
Cash received		1 717
Less: Direct costs related to disposal		- 466
Less: net liabilities disposed		535
CTA recycling		- 142
Gain on sale of net assets		1 644
Cash received		1 717
Less: Direct costs related to disposal		- 466
Less: cash and cash equivalents disposed		- 636
Cash inflow on disposal during the year		615

27. Subsequent events

On February 11, 2020, Gurit Holding AG sold all its shares in Gurit Hungary Kft. to another advanced composite parts manufacturer. The impact of this transaction on the Group's financial performance in the year 2019 and on the Group's financial position as at December 31, 2019 is reflected in these consolidated financial statements.

Except from this transaction, no other significant events occurred between the balance sheet date and February 24, 2020, the date on which these consolidated financial statements were signed off by the Board of Directors for publication.

28. Subsidiaries

Company	Activity
Canada	
Gurit Americas Inc., Magog	Production and sales of composite materials
Gurit Tooling (Americas) Inc., Montreal	Production and sales of composite process equipment
China	
JSB Wind Energy (YDF) Co, Ltd, Dafeng	Production and sales of wind energy core material kits
JSB Composite (Zhuozhou) Co, Ltd, Zhuozhou	Production and sales of wind energy core material kits
Gurit Tooling (Hong Kong) Ltd., Hong Kong	Sales of composite process equipment
Gurit (Tianjin) Composite Material Co., Ltd., Tianjin	Production and sales of composite materials
Gurit Tooling (Taicang) Co., Ltd., Taicang	Production and sales of composite process equipment
Denmark	
Gurit Kitting Holding ApS, Ringkoebing	Holding company
JSB Group A/S, Ringkoebing	Production and sales of wind energy core material kits
Ecuador	
Balsablock Cia. Ltda., Quevedo*	Production of balsa wood core products
Gurit Balsaflex, Cia. Ltda., Quevedo	Production of balsa wood core products
Germany	
Gurit (Kassel) GmbH, Kassel	Production and sales of composite materials
Hungary	
Gurit (Hungary) Kft, Székesfehérvár	Production of automotive body panels
India	
Gurit (India) Pvt. Ltd., Pune	Sales of composite materials
Indonesia	
PT. Gurit Parta Balsa, Probolinggo Java	Production of balsa wood core products
Italy	
Gurit Italy S.R.L., Volpiano	Production and sales of composite materials
Gurit Italy PET Recycling S.r.l., Volpiano	Production and sales of composite materials
Mexico	
JSB Kitting Matamoros S.A. de C.V., Matamoros	Production and sales of composite materials and wind energy core material kits
Netherlands	
Gurit Tooling (Netherlands) BV, Oldenzaal	Liquidated
New Zealand	
Gurit (Asia Pacific) Ltd., Auckland	Structural engineering, production, and sales of composite materials
Poland	
Gurit (Poland) Sp.z.o.o., Szczecin	After sales service of composite process equipment
JSB Composite (Polska) Sp. Z.o.o., in liquidation	In liquidation
Spain	
Gurit Balsa, S.L., Girona	Sales of balsa wood core products
Gurit Spain S.A., Albacete	Production and sales of composite materials
Mecanización de Estructuras Poliméricas S.L.U., Falces	Production and sales of wind energy core material kits

Registered capital	Group ownership and voting rights	
	2019	2018
CAD 38 626 898	100%	100%
CAD 10 000 000	100%	100%
CNY 20 197 635	100%	100%
CNY 11 947 925	100%	100%
HKD 3 000 000	100%	100%
CNY 128 856 923	100%	100%
CNY 68 559 206	100%	100%
DKK 103 258	100%	100%
DKK 10 000 000	100%	100%
–	0%	99%**
USD 2 500 000	99%**	99%**
EUR 100 000	100%	100%
EUR 15 000	100%	100%
INR 3 269 080	100%	100%
USD 755 148	55%	55%
EUR 10 000	100%	100%
EUR 50 000	60%	0%
MXN 5 000 000	100%	0%
–	0%	100%
NZD 6 830 085	100%	100%
PLN 2 120 000	100%	100%
–	100%	100%
EUR 1 000 000	100%	100%
EUR 1 552 744	100%	100%
EUR 682 000	100%	100%

Company	Activity
Switzerland	
Gurit Composite Materials AG, Zurich	Trading of composite materials
Gurit Services AG, Zurich	Providing management services
Gurit (Zullwil) AG, Zullwil	Production and sales of composite materials
Turkey	
JSB Izmir Rüzgar Kompozit Limited Sirketi, Izmir	Production and sales of wind energy core material kits
United Kingdom	
Gurit Composite Components Ltd., Newport	Structural engineering, production and sales of automotive body panels
Gurit Material Systems (UK) Ltd., Newport	Holding company
Gurit (UK) Ltd., Newport	Production and sales of composite materials
USA	
Gurit (USA) Inc., Bristol	Sales of composite materials
Windkits LLC, Allentown	Production and sales of wind energy core material kits
JSB Composite Inc., Allentown	Liquidated

* Merged into Balsaflex as of November 21, 2019 ** Minority interests are ignored due to immateriality

Registered capital	Group ownership and voting rights	
	2019	2018
CHF 500 000	100%	100%
CHF 500 000	100%	100%
CHF 500 000	100%	100%
TRY 26 150 000	100%	100%
GBP 500 000	100%	100%
GBP 34 305 957	100%	100%
GBP 142 571	100%	100%
USD 3 000	100%	100%
-	100%	100%
-	0%	100%

Report of the Statutory Auditor to the General Meeting on the Consolidated Financial Statements 2019

Opinion

We have audited the consolidated financial statements of Gurit Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement, the consolidated balance sheet as at 31 December 2019, the consolidated cash flow statement, the consolidated statement of changes in equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 111 to 145) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overall Group materiality: CHF 2 600 000

- We concluded full scope audit work at 14 reporting units in 8 countries. Our audit scope addressed over 69% of the Group’s revenue and 72% of the Group’s assets.
- In addition, specified procedures were performed on a further 4 reporting units in 3 countries representing a further 14% of the Group’s revenue and 8% of the Group’s assets.

As key audit matter the following area of focus have been identified:

- Impairment assessment of property, plant and equipment

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 2 600 000
How we determined it	5% of profit before tax (excluding impairment of fixed assets)
Rationale for the materiality benchmark applied	We chose profit before tax (without one-offs) as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 260 000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group financial statements are a consolidation of 34 reporting units. We identified 14 reporting units that, in our view, required a full scope audit due to their size or risk characteristics. Specified procedures were also carried out at a further 4 reporting entities to give appropriate coverage of material balances. In order to exercise appropriate direction and supervision of the work of the reporting units' auditors, the Group engagement team conducted a series of conference calls with each of the auditors performing full scope audits. These calls consisted of a detailed planning meeting, an interim meeting and a clearance meeting.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of property, plant and equipment

Key audit matter	How our audit addressed the key audit matter
<p>We focused on this area due to the size of property, plant and equipment recognised in the balance sheet (CHF 90.2 million as at 31 December 2019) and because the directors' assessment of the future recoverability of these assets involves judgement regarding the future results of the business.</p> <p>In particular, we focused our audit work on the valuation of the fixed assets of Gurit (Hungary) Kft, the operating legal entity in the automotive components business which was sold. Furthermore, we focused on Gurit (Zullwil) AG as the Group announced that the operation of Gurit (Zullwil) AG will be closed and the aerospace production programs will be transferred to a different Group company.</p> <p>Based on Gurit Group management's impairment test, Gurit Group decided to impair fixed assets in the amount of CHF 6.0 million.</p> <p>Of this amount CHF 4.3 million was related to Gurit (Hungary) Kft. The recoverable amount for the impairment test was determined based on the agreed sales price.</p> <p>Furthermore, CHF 1.5 million was recognised as an impairment charge related to Gurit Zullwil AG. The impairment was calculated based on Group management's expectation of how the site's equipment and property will be used in the future. While these assumptions represent Group management's current judgement on future developments, they are subject to risks and uncertainties that could lead actual re-sults to differ materially.</p>	<p>We performed an analysis of the Group companies to assess whether there are indicators of impairment. For selected entities, we compared the net assets with the cash flow projections of the cash-generating unit obtained from Group management. In addition, for the cash-generating unit in question, we received explanations which supported Group Management's conclusions. We also conducted interviews with Group management to corroborate these explanations and to obtain an understanding of the specific business and other future projects in order to allow us to independently assess whether the impairment is appropriate and sufficient. Furthermore, we obtained the sales agreement of Gurit (Hungary) Kft.</p> <p>The following procedures were performed:</p> <ul style="list-style-type: none"> – We used valuation specialists to assess the discount rate for the cash-generating unit by comparing it with third-party information. – Further, we tested the mathematical accuracy, the consistency and integrity of the model and data used for the discounted cash flow calculation. – To determine the reliability of management's assumptions, we challenged management's estimates in this area by comparing previous income statement budgets with the actual results of the year. Based on these audit procedures, we assessed that Group management's estimates are generally reasonable. <p>Furthermore, with respect to the sale of Gurit (Hungary) Kft, we reconciled Group management's assumptions with the sales agreement obtained.</p> <p>Based on the procedures performed, and the evidence provided, we identified no significant issues with respect to management's impairment calculation of property, plant and equipment.</p>

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTSuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Patrick Balkanyi
Audit expert
Auditor in charge



Alexandra Fronckowiak
Audit expert



Zurich, February 24, 2020

Income Statement

In CHF 1000	Year ended December 31, 2019	Year ended December 31, 2018
Income from investments	69 887	10 667
Finance income	5 029	4 905
Other income	1 404	1 011
Income from sale of investments	–	995
Total income	76 320	17 578
Finance expense	– 4 839	– 4 309
Change in provision for impairment of investments	– 10 229	–
Change in provision on loans to Group companies	– 14 709	– 12 227
Stewardship expense	– 3 528	– 2 830
Administration expense	– 1 565	– 1 232
Total expenses	– 34 870	– 20 598
Ordinary result	41 450	– 3 020
Non-recurring expenses	–	– 980
Profit/(loss) before tax	41 450	– 4 000
Tax expense	– 50	– 5
Profit/(loss) for the year	41 400	– 4 005

Balance Sheet

In CHF 1000	Note	At December 31, 2019	At December 31, 2018
Assets			
Cash and cash equivalents		597	1 373
Other receivables from third parties		63	41
Other receivables from Group companies		266	1 230
Loans to Group companies		24 529	14 305
Current assets		25 455	16 949
Loans to Group companies		71 833	79 596
Investments	2	197 711	197 026
Non-current assets		269 544	276 622
Total assets		294 999	293 571
Liabilities and equity			
Interest-bearing liabilities third parties		20 000	37 243
Interest-bearing liabilities Group companies		22 623	8 793
Other payables due to third parties		198	835
Other payables due to Group companies		318	1 012
Accrued expenses		897	963
Current liabilities		44 036	48 846
Interest-bearing liabilities third parties		72 761	80 585
Interest-bearing liabilities Group companies		1 324	19 188
Provisions		980	980
Non-current liabilities		75 065	100 753
Total liabilities		119 101	149 599
Share capital	3	23 400	23 400
Legal reserves:			
Reserves from capital contributions		81	81
Other legal reserves		4 680	4 680
Treasury shares	4	- 232	- 118
Retained earnings		147 969	115 929
Total equity		175 898	143 972
Total liabilities and equity		294 999	293 571

Notes to the Financial Statements

1. Accounting Policies

1.1 Basis of preparation

The financial statements of Gurit Holding AG, Wattwil (the 'Company'), have been prepared in accordance with the provisions of Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).

The annual average number of full-time equivalents for 2019 and 2018 did not exceed fifty people.

The Company has prepared its consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER). In accordance with the Swiss Code of Obligations the Company decided to forgo presenting additional disclosures as well as a cash flow statement and management report.

1.2 Valuation methods and translation of foreign currencies

All financial assets, including investments, are reported at cost less appropriate write-downs. Treasury shares are recognized at cost and deducted from equity at the time of purchase. If the treasury shares are sold, the gain or loss is recognized through the income statement.

Assets and liabilities denominated in foreign currencies are translated into Swiss francs using year-end rates of exchange, except investments, that are translated at historical rates. Transactions during the year which are denominated in foreign currencies are translated at the exchange rates effective at the relevant transaction dates. Resulting exchange gains and losses are recognized in the income statement with the exception of unrealized gains, which are deferred.

2. Investments

All direct and indirect investments of the Company are listed in note 28 to the Gurit Group's consolidated financial statements.

3. Share capital

The share capital at December 31 consisted of:

	Number of shares	in % of total	Par value in CHF	Share capital in CHF 1000	in % of total
Registered shares	240 000	36	10	2 400	10
Bearer shares	420 000	64	50	21 000	90
Total	660 000	100		23 400	100

	Number of shares	in % of total	Par value in CHF	Share capital in CHF 1000	in % of total
Registered shares	240 000	36	10	2 400	10
Bearer shares	420 000	64	50	21 000	90
Total	660 000	100		23 400	100

Regardless of the nominal value, each share is entitled to one vote.

Distributions to shareholders are made in relation to the share capital.

4. Treasury shares

In number of shares	2019	2018
Registered shares		
Balance at January 1	205	205
Balance at December 31	205	205
Bearer shares		
Balance at January 1	94	93
Additions at CHF 1 006 each (2018: CHF 871)	1 150	1 360
Disposals (used for share-based compensation)	- 1 045	- 1 359
Balance at December 31	199	94

5. Contingent liabilities

In CHF 1000	2019	2018
Guarantees in favor of banks of subsidiaries, as security for bank loans of these subsidiaries	–	2 253
Guarantees in favor of customers of subsidiaries, as warranty security	2 697	7 572
Guarantees in favor of banks of the Group, in respect to credit frame agreements of the Group	34 428	34 586

Furthermore, the Company has a contingent liability in connection with a business acquisition. This matter is further explained in note 23 to the Gurit Group's consolidated financial statements.

6. Silent reserves

In CHF 1000	2019	2018
Release of silent reserves	12 781	–

7. Significant shareholders

In percentage of all voting rights (all above 3%)	2019	2018
Huwa Finanz- und Beteiligungs AG, Heerbrugg (registered shares)	33.33%	33.33%
Martin Bisang, Küsnacht	10.00%	10.00%
Robert Heberlein, Zumikon	4.75%	4.59%
Credit Suisse Funds AG, Zurich	3.13%	–
Alantra EQMC Asset Management SGIIIC SA, Madrid, Spain	–	5.02%

8. Board and Executive shareholdings

In number of shares	2019	
	Bearer shares held at year-end	Bearer shares allocated during the year
Peter Leupp (Chairman)	566	50
Stefan Breitenstein (member)	191	25
Bettina Gerharz-Kalte (member since April 9, 2019)	–	–
Nick Huber (member)	451	25
Urs Kaufmann (member)	406	25
Philippe Royer (member since April 9, 2019)	–	–
Total Board of Directors	1 614	125
Rudolf Hadorn (CEO)	1 380	300
Bing Chen (member since February 1, 2019)	130	50
Emiliano Frulloni (member since November 1, 2018)	–	–
Stefan Gautschi (member)	160	50
Hannes Haueis (member)	160	50
Michael Muser (member since January 1, 2019)	–	–
Frank Nielsen (member since February 1, 2019)	–	–
Philippe Wirth (member since October 21, 2019)	–	–
Total Executive Committee	1 830	450
Total Management participation	3 444	575

In number of shares	2018	
	Bearer shares held at year-end	Bearer shares allocated during the year
Peter Leupp (Chairman)	516	50
Stefan Breitenstein (member)	166	25
Nick Huber (member)	426	25
Urs Kaufmann (member)	381	25
Peter Pauli (member)	396	25
Total Board of Directors	1 885	150
Rudolf Hadorn (CEO)	1 730	360
Emiliano Frulloni (member since November 1, 2018)	–	–
Stefan Gautschi (member)	155	60
Hannes Haueis (member)	155	60
Angelo Quabba (member)	155	60
Total Executive Committee	2 195	540
Total Management participation	4 080	690

At December 31, 2019, Board of Directors member Philippe Royer holds 3 000 call options on the bearer shares of Gurit Holding AG, at a strike price of CHF 1 126 and an expiry date of August 30, 2024.

Proposal of the Board of Directors for the Appropriation of Available Earnings

Appropriation of available earnings as proposed by the Board of Directors

In CHF 1000	2019	2018
Retained earnings carried forward from previous year	106 569	119 934
Net profit for the year	41 400	– 4 005
Retained earnings available to the Annual General Meeting	147 969	115 929
Dividend distribution	– 11 700	– 9 360
To be carried forward	136 269	106 569

If this proposal is approved by the Annual General Meeting on April 15, 2020, the distributions will be made as follows:

CHF 5.00 in total per registered share
 CHF 25.00 in total per bearer share

The dividend distribution is payable on submission of voucher number 40.

Report of the Statutory Auditor to the General Meeting on the Financial Statements

Opinion

We have audited the financial statements of Gurit Holding AG, which comprise the balance sheet as at December 31, 2019, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at December 31, 2019 (pages 150 to 155) comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1 450 000
How we determined it	0.5% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Holding Company is most commonly measured, and is a generally accepted benchmark for Holding Companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 145 000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Patrick Balkanyi
Audit expert
Auditor in charge



Alexandra Fronckowiak
Audit expert



Zurich, February 24, 2020

Explanation of financial terms used

Amounts in CHF million	Reference	2019	2018
Operating profit	Consolidated Income Statement	51.9	28.6
+ Non-operating and extraordinary result	Consolidated Income Statement	–	– 1.0
– Depreciation	Note 16	12.3	10.3
– Amortization	Note 17	1.4	1.3
– Impairment	Notes 16, 17	6.4	4.7
= EBITDA		72.0	43.8
Additions to property, plant and equipment	Note 16	23.3	14.1
+ Additions to intangible assets	Note 17	1.4	1.1
= Capital expenditures		24.7	15.3
Current borrowings	Consolidated Balance Sheet	24.9	46.2
+ Non-current borrowings	Consolidated Balance Sheet	73.0	82.1
= Total gross debt		97.9	128.3
– Cash	Consolidated Balance Sheet	– 44.9	– 48.2
= Net debt		52.9	80.0
Total gross debt	as above	97.9	128.3
÷ EBITDA	as above	72.0	43.8
= Gross debt / EBITDA ratio		1.36	2.93
Equity	Consolidated Balance Sheet	146.0	125.1
÷ Total assets	Consolidated Balance Sheet	362.8	369.7
= Equity in % of total assets		40.2%	33.8%
Number of registered shares divided by 5 (nominal value weighted)	Note 22	48 000	48 000
+ Number of bearer shares	Note 22	420 000	420 000
= Total number of shares (nominal value weighted)		468 000	468 000
x Share price at December 31, in CHF		1 494.00	867.00
= Market capitalization at December 31		699.2	405.8

Amounts in CHF million	2019	2018 at 2019 exchange rates	Currency adjusted growth
Net Sales			
Composite Materials	249.5	216.5	15.2%
Kitting	190.7	28.1	–
Tooling	106.1	116.1	– 8.6%
Aerospace	53.5	48.9	9.6%
Inter-segment elimination	– 41.6	– 7.7	–
Total continued operations	558.3	401.8	39.0%
Discontinued operations (Composite Components)	18.1	14.2	27.0%
Total Group	576.4	416.0	38.6%
Less effect from acquisition	– 113.5	–	–
Total Group net sales before acquisition (organic growth)	463.0	416.0	11.3%
Total continued operations	558.3	401.8	39.0%
Less effect from acquisition	– 113.5	–	– 28.2%
Total continued operations before acquisition (organic growth)	444.9	401.8	10.7%

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This Annual Report contains forward-looking statements that include risks and uncertainties regarding the future global developments that cannot be influenced by the Company.

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