

Annual Report 2022



**We create leading compression solutions
for a sustainable energy future.**

Burckhardt Compression is the world-wide market leader for reciprocating compressor systems and the only manufacturer and service provider that covers a full range of reciprocating compressor technologies and services. Its customized and standard compressor systems are used in the chemical, petrochemical, gas transport and storage, hydrogen mobility and energy, industrial gas, refinery and gas gathering and processing markets. Since 1844 its highly skilled workforce has crafted superior solutions and set the benchmark in the gas compression industry.



ONLINE REPORT
report.burckhardtcompression.com/en

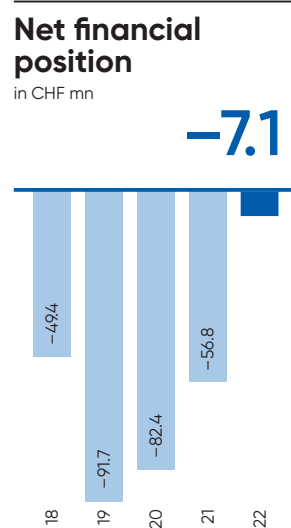
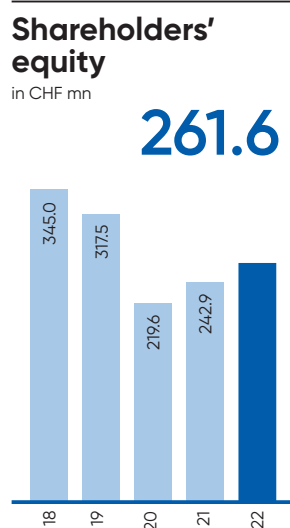
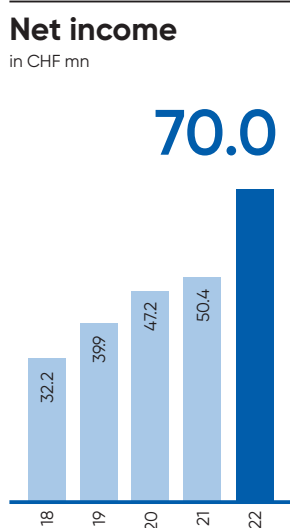
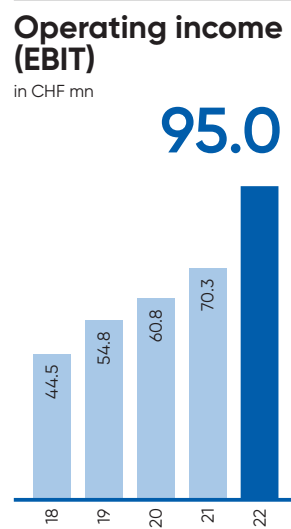
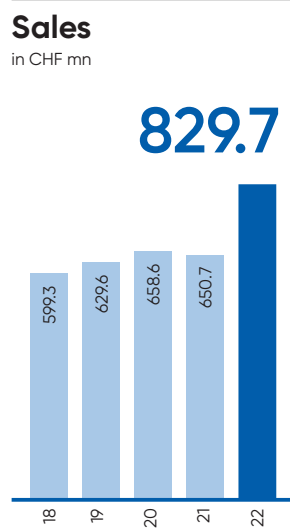
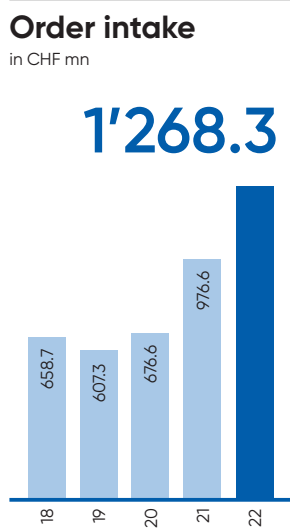
02	Report section
30	Sustainability
70	Corporate governance
84	Compensation report
96	Financial report

**Cover:
Burckhardt Compression
workshop in Winterthur,
Switzerland**

From left to right: André
Schneider, Head of Assembly;
Veronika Schelling, Hydrogen
Mobility & Energy Lead;
Tsering Netsang, Manager
Design Master Data

New financial records

Fiscal year 2022 marks new historical records for order intake, sales and operating income. Both divisions have made strong contributions to this success.



Sustainable growth

40%

40% of our order intake is supporting the world's energy transition.

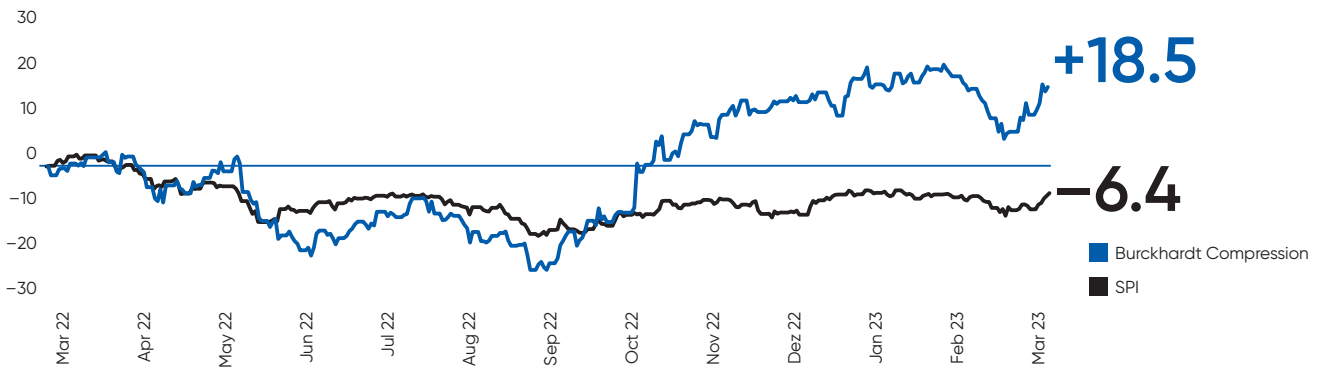
Renewable electricity

+57%

Our global use of renewable electricity has increased by 57%

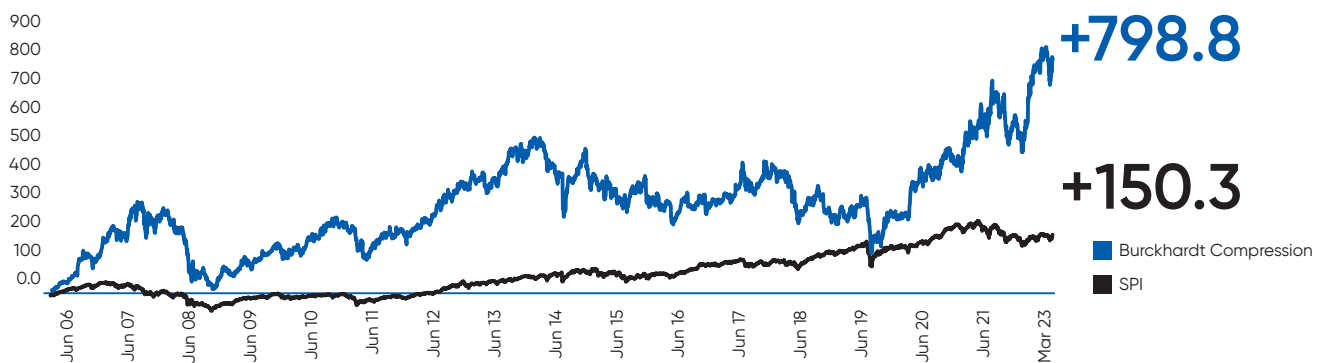
Performance FY2022

Total Shareholder Return FY2022
in %



Performance since IPO

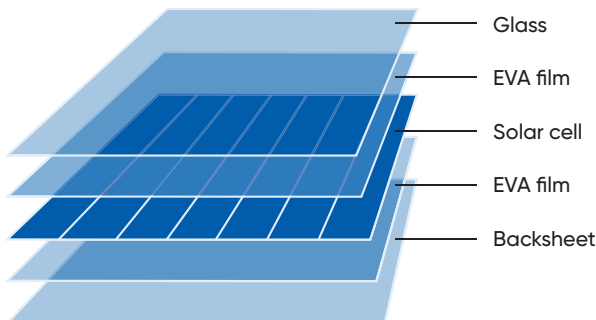
Total Shareholder Return 26 June 2006 to 31 March 2023
in %



Record orders

for solar-panel-related applications

We received a record number of orders for our Hyper and Booster/Primary Compressors, which are used for low density polyethylene (LDPE)/ethylene-vinyl acetate (EVA) production, mainly due to the growing demand for solar panel production in China and South Korea. Our compressors create the required high pressure for EVA to be produced. EVA is then applied to encapsulate the photovoltaic cells inside the solar panel. In addition, we received a large number of orders for compressors used in the synthesis of polysilicon, which is a core component of the solar cells themselves.



Record order in USA for the hydrogen mobility and energy market

Following a first award of two compressors in March 2022, Joule Processing & Plug Power have again selected Burckhardt Compression to deliver 12 large hydrogen refrigeration compressors for six hydrogen liquefaction plants in the USA. These plants will be able to liquefy a total of 180 tons of hydrogen per day and will enable Plug Power to support its customers and an existing network of 50'000 fuel cells installed mostly in forklift trucks.

Net-zero by 2035

New Mid-Range Plan 2023 to 2027

We communicated our new Mid-Range Plan in November 2022, targeting CHF 1.1 bn in sales and a 12% to 15% operating profit margin in fiscal year 2027. Sustainability now sits at the core of our strategy, with implications on target markets, R&D projects, CAPEX investments, operational KPIs and long-term incentive plans for senior management. This new strategy is a step forward in achieving our new purpose of creating leading compression solutions for a sustainable energy future. We aim, in particular, to achieve 40% of our order intake from applications that support the world's energy transition and to reduce our greenhouse gas emission intensity by 50% (Scope 1 and Scope 2) by fiscal year 2027. Acknowledging the scale and urgency of combating climate change, we have also developed a long-term commitment and roadmap to achieve operational net-zero for our Scope 1 and Scope 2 emissions by 2035.

Going wireless

Cost-effective condition monitoring with PROGNOST®-Wireless

PROGNOST®-Wireless is a new tool in our digital product and services suite that enables customers to expand their fleet of equipment under condition monitoring and predictive maintenance: no more handheld devices, but instead easy-to-handle, cost-effective and reliable measuring of important machine values. The installation of PROGNOST®-Wireless is simple and inexpensive, making it possible for customers to include a larger number of machines in the maintenance strategy, or for installation in hazardous areas.



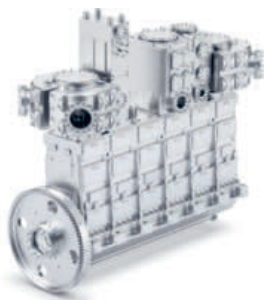
Celebrating exceptional team performance

To ensure we recognize and celebrate our teams' achievements across the globe that make all our milestones and successes possible, we have launched a global team award program. 36 teams have been nominated, involving over 250 employees from 15 countries. The winning team from China has shown exceptional resilience and performance, delivering services to customers during the height of the Covid-19 pandemic.

250
employees nominated

Record order intake for LNG marine compressors and services

LNG and its transport by ship enable companies and countries to access secure energy sources. Supporting this growing need, Burckhardt Compression received in 2022 a record level of orders for its Laby®-GI compressors and for related services. Thanks to its absence of methane slippages, our compressor solution is unique in the market, and upcoming regulations for CO₂ taxes may further benefit the ME-GI/Laby®-GI solution in the coming years.



Always close to our customers

Customer proximity is one of our success factors. Burckhardt Compression is represented on all continents with 36 subsidiaries, 3 manufacturing and 5 assembly sites worldwide.

36

subsidiaries worldwide

2'973

employees (FTE)

over 80

countries worldwide with a Burckhardt Compression presence



Our customers

Our customer base includes some of the largest, most famous, and most innovative companies in the world. We serve

- Energy companies
- Gas transportation and storage companies (onshore and offshore)
- Customers in the marine sector
- Hydrogen processing companies
- Petrochemical/chemical companies
- Industrial gas companies
- General engineering companies that design and construct production lines or entire plants for our end customers

Sales of new machines, mostly via general contractors, are the responsibility of the Systems Division, while the Services Division is responsible for all service and spare parts activities.

Burckhardt Compression attaches great importance to a partnership-based relationship with its customers. In order to understand their needs even better and continuously improve, both divisions conduct regular customer surveys.

Dear Shareholders,

The fiscal year 2022 was a very successful business year for Burckhardt Compression and confirms that we are on the right path with our transformation and growth agenda towards a sustainable energy future.

Despite the challenges stemming from the macroeconomic and political environment, we achieved a record-level order intake of CHF 1.27 bn, exceeding the CHF 1 bn mark for the first time in Burckhardt Compression's history. Strong deliveries throughout the year underpinned sales growth of 27.5% versus the previous year, reaching a new record of CHF 829.7 mn, while the focus on operational excellence supported an improved operating margin of 11.4% and a new record operating income of CHF 95.0 mn. With these strong results, we achieved our Mid-Range Plan for the period 2018 to 2022, delivering on our stated ambitions to reach CHF 700 mn in sales and a 10% to 15% operating margin. On the strategic and operational side, we made significant advances in transforming the business and developing new growth avenues with the hydrogen mobility and energy market, made further progress on our digitalization and sustainability agenda, and set a new Mid-Range Plan for 2023 to 2027, focusing on creating leading compression solutions for a sustainable energy future.

Well positioned in highly dynamic markets

The events witnessed this and last year have highlighted the complexity and interconnectedness of the global energy system and, in turn, have led to an increased focus on energy security. We see our markets developing strongly towards applications which support the transition to more secure and sustainable energy sources. Burckhardt Compression's strong positioning in these markets continued strengthening and supported the exceptional order intake of the Systems Division. Our growth was driven by an exceptional demand for low density polyethylene (LDPE) and ethylene-vinyl acetate (EVA) compressors to support the solar panel industry, exceptional orders for Liquefied Natural Gas (LNG) applications, and a high growth in the hydrogen mobility and energy applications. The Services Division also had an exceptional sales growth of 22%, driven by pent-up demand after Covid-19, anticipated spare parts procurement from customers, a few large re-vamp projects and by exceptional orders for its PROGNOST(R) digital product line. From a geographical perspective, China, Korea and USA have driven the growth of the Group's order intake.

Demonstrating resilience amid ongoing macroeconomic challenges

The fiscal year 2022 has not been without its challenges, and the Group continued to see headwinds stemming from the macroeconomic and political environment. Lockdowns in China, ongoing supply chain tensions and inflationary pressures on energy and specific material categories continued to present operational challenges.

Our employees' outstanding commitment, as well as the Group's global footprint, resilient service business, strong market positioning, diversified application portfolio and agile global supply network helped to mitigate and compensate for these challenges.

As a direct result of the war in Ukraine, we have refrained from accepting any orders from the Russian market since March 2022. Growth in other markets has more than compensated for the loss of volume in Russia, and the one-off costs related to the wind-down of the Russian backlog have been more than offset by profitable sales growth globally, a favorable product mix in the Systems Division and strong operational performance.

Strong financials in fiscal year 2022 and significant increase of dividends proposed

Gross profit was up 28.1% to CHF 244.5 mn, yielding a gross profit margin of 29.5% (previous year: 29.3%). Research & Development expenses increased by CHF 4.2 mn to CHF 23.9 mn to develop innovative solutions for the marine and hydrogen mobility and energy markets. Selling, marketing and general administrative expenses amounted to CHF 117.0 mn or 14.1% of sales (previous year: 16.4%). Other operating income and expenses (net) were at CHF -8.6 mn, including non-recurring costs related to the exit from the Russian market in the amount of CHF 7.1 mn. Despite these one-off costs, the consolidated operating profit (EBIT) rose substantially by 35.0% to CHF 95.0 mn, corresponding to an EBIT margin of 11.4% (previous year: 10.8%). Net income of CHF 70.0 mn clearly exceeded the previous year's figure by 38.9%, while earnings per share attributable to Burckhardt Compression Group shareholders rose likewise by 39.3%, from CHF 14.82 to CHF 20.64.

Value creation was further enhanced, with a Return on Net Operating Assets (RONOA) substantially increased from 19.7% to 25.7%. The balance sheet total at the end of March 2023 was at CHF 940.6 mn, 12.3% higher than in the previous year, mainly due to the increase in advance payments from customers and the growth in inventories on the back of the high order intake. The net financial position at the end of fiscal year 2022 improved to CHF -7.1 mn (CHF -56.8 mn at the end of fiscal year 2021). Total equity increased to CHF 261.6 mn (+18.7 mn), while the equity ratio of 27.8% remained slightly below the mid-term ambition level of over 30%. Based on these strong results, the Board of Directors will propose at the Annual General Meeting a dividend of CHF 12.00 per share, within our overall attractive dividend policy of 50% to 70% pay-out ratio and representing an increase of 60% compared with the previous year.

Confidence into 2023 and beyond, with sustainability at the core of our new strategy

As we enter fiscal year 2023, we do so in a solid financial position with good momentum in both divisions, a strong team and an ambitious plan.

As the world transitions towards more sustainable and secure energy sources, we expect to continue benefiting from our strong positioning in related applications. A key ingredient to our success in the past and the future is our people. We increased our workforce globally by 8.8% to 2'973 FTE and further ramped-up our training and development activities to deliver our increased order backlog and achieve our growth ambitions. In addition, we added bench strength with two new members of the Executive Management team that bring a wealth of experience from world-class industrial companies. On April 1st, 2022, Fabrice Billard took over as CEO and was succeeded as Systems Division President by Andeas Brautsch. In addition, Vanessa Valentin joined the Executive Management team as Chief Human Resources Officer.

Guidance for fiscal year 2023

We expect supply chain tensions in certain material categories to persist in the coming year as well as some uncertainty about the development of the global economy. However, based on the strong order intake over the past two fiscal years, we expect sales to reach between CHF 950 mn and CHF 1'000 mn at the Group level for fiscal year 2023. Operating margin is expected at a similar level as in fiscal year 2022, considering no further one-off costs for Russian projects, an increased share of Systems business in the overall sales mix as well as a less favorable product mix within the Systems Division. Within the fiscal year, the second half is expected to be stronger than the first half due to the distribution of project deliveries.

Letter to Shareholders

Mid-Range Plan 2023 to 2027 started

We communicated our new Mid-Range Plan in November 2022, targeting CHF 1.1 bn in sales and a 12% to 15% operating margin in fiscal year 2027. Sustainability now sits at the core of our strategy, with implications on target markets, R&D projects, CAPEX investments, operational KPIs and long-term incentive plans for senior management. This new strategy is a step forward in achieving our purpose of creating leading compression solutions for a sustainable energy future. We aim, in particular, to achieve 40% of our order intake from applications that support the world's energy transition and to reduce our greenhouse gas emission intensity by 50% (Scope 1 and Scope 2) by fiscal year 2027 compared to fiscal year 2021. Acknowledging the scale and urgency of combating climate change, we have also developed a long-term commitment and roadmap to achieve operational net-zero for our Scope 1 and Scope 2 emissions by 2035. The achievement of these goals will be supported by integrating sustainability into our operational excellence activities and continuous investments in innovation and digitalization. On the financial side, in addition to the growth and profitability targets, our ambition is to reach a Return on Net Operating Assets (RONOA) of more than 25%, and we intend to keep an attractive dividend policy, with a 50% to 70% payout ratio.



Fabrice Billard, CEO

Ton Bücher, Chairman of the Board of Directors

Thanks

We remain excited about the next steps of our journey and fundamentally positive about our markets and ability to transform for a sustainable energy future. The significant and profitable growth achieved in fiscal year 2022 showcases our resilience amid ongoing market challenges and demonstrates inherent strength in our market positioning. We have delivered attractive results supported by our employees' commitment and efforts worldwide. Their dedication remains a critical factor behind our success, and we sincerely thank them on behalf of the Board of Directors and Executive Management team. We would also like to thank our shareholders and customers worldwide for their trust and for being part of our sustainable growth journey.

Kind regards,

Two handwritten signatures in black ink. The signature on the left is 'Ton Bücher' and the signature on the right is 'Fabrice Billard'.

Ton Bücher
Chair of the Board of Directors

Fabrice Billard
CEO

Winterthur, June 6, 2023

Key figures

in CHF mn

	2022	2021	Change 2022/2021
Total			
Order intake	1'268.3	976.6	29.9%
Sales	829.7	650.7	27.5%
Operating income (EBIT)	95.0	70.3	35.0%
in % of sales	11.4	10.8	
Net income	70.0	50.4	38.9%
in % of sales	8.4	7.7	
Return on net operating assets (RONOA)	25.7%	19.7%	
Systems Division			
Order intake	911.2	651.1	39.9%
Sales	489.7	372.7	31.4%
Operating income (EBIT)	30.3	21.1	43.5%
in % of sales	6.2	5.7	
Services Division			
Order intake	357.1	325.5	9.7%
Sales	340.0	278.0	22.3%
Operating income (EBIT)	75.0	58.4	28.6%
in % of sales	22.1	21.0	
Balance sheet			
Balance sheet total	940.6	837.8	12.3%
Shareholders' equity in %	27.8	29.0	
Net financial position	-7.1	-56.8	
Share			
Net income per share	20.64	14.82	39.3%
Dividend per share	12.0	7.5	60.0%
Payout ratio	58.1%	50.6%	
Market capitalization (in CHF mn)	1'931.2	1'662.6	16.2%
Employees			
Employees as per end of fiscal year (FTE)	2'973	2'732	8.8%
Apprentice	71	64	10.9%
Turnover rate	10.7%	10.1%	
Average company affiliation (years)	8.0	8.4	-4.7%
Environment			
Energy use (MWh)	59'107	49'928	18.4%
Greenhouse gas emissions Scope 1 (tCO ₂ e)	4'674	4'221	10.7%
Greenhouse gas emissions Scope 2 (tCO ₂ e)	15'396	13'198	16.7%
Water (m ³)	78'687	83'810	-6.1%

We create leading compression solutions for a sustainable energy future

In a dynamic market environment where the transition towards a new energy economy plays an increasing role, we have defined a new ambitious strategic plan, with sustainability at its core. Both divisions are aiming for substantial growth, especially in applications supporting the energy transition, and are expected to increase their profitability.

New purpose and Mid-Range Plan

Mid-Range Plan 2018 to 2022 successfully completed with profitable growth and an attractive market positioning

Our strategy process is based on a Mid-Range Plan, which is defined every five years and reviewed annually. In our last Mid-Range Plan, which covered the fiscal years from 2018 to 2022, we have strengthened our leading market position, accelerated our sustainability journey, and successfully delivered on our stated ambitions to reach CHF 700 mn in sales and a 10 to 15% operating profit margin. We have enhanced our positioning in traditional new equipment and service markets through an unwavering focus on operational excellence, an increased investment in innovation and selected acquisitions. Amid the global drive towards energy security and sustainability, we have established strong positions in new markets, and we enter the fiscal year 2023 in a solid financial position with a strong growth momentum and many opportunities ahead of us.

New purpose and new Mid-Range Plan 2023 to 2027 to contribute to a sustainable energy future

We defined our new purpose: "We create leading compression solutions for a sustainable energy future." This sets the guiding star for our Mid-Range Plan 2023 to 2027. It also provides the basis together with our refined values and behaviors to nurture and evolve our leadership and culture. We will continue to build an organization that is customer-oriented, passionate, performance-driven and mindful of its responsibilities towards the environment and society at large. We will further drive competitiveness through a continued focus on operational excellence, and innovate to keep our growth momentum in new, fast-growing markets. We are also ready to capture external growth opportunities and a potential market upside when the energy transition accelerates beyond our Mid-Range Plan assumptions.

2035

We aim to become operational net-zero for our Scope 1 and Scope 2 emissions by 2035.

Our culture, values, and behaviors guide our actions and create a great place to work and thrive in

Along with our purpose, we have, with our global leadership teams, reflected on and revised how our culture, values and behaviors will evolve to support our growth. Our four values "Partnership", "Passion", "Performance" and "Responsibility" determine our daily decisions and actions; our customers are always at the center of our considerations and actions. We focus on teamwork and act as "one" company. We are entrepreneurs with a strategic mindset and act decisively with a focus on operational excellence and innovation. We love what we do and inspire others with the aim of creating a more sustainable energy future for the world. At the heart of it all we keep ourselves, partners, suppliers, and customers safe. We foster an inclusive environment where everyone can reach their potential and where integrity and reliability are the basis for the trust we enjoy among our colleagues, customers, partners, and suppliers.

-50%

We aim to reduce our greenhouse gas emission intensity by 50% (Scope 1 and 2) until 2027 compared to 2021.

Objectives and strategy

Our key objectives 2027: Sustainable, profitable growth

We communicated our new Mid-Range Plan in November 2022, targeting CHF 1.1 bn in sales and a 12 to 15% operating profit margin in fiscal year 2027. Sustainability sits now at the core of our strategy, with implications on target markets, R&D projects, CAPEX investments, operational KPIs and long-term incentive plans for senior management. We aim, in particular, to achieve 40% of our order intake from applications that support the world's energy transition and to reduce our greenhouse gas emission intensity by 50% for Scopes 1 and 2 until fiscal year 2027 (compared to 2021).

Acknowledging the scale and urgency of combating climate change, we have developed a long-term commitment and roadmap to become operational net-zero for our Scope 1 and Scope 2 emissions by 2035. Achieving these goals will be supported by the integration of sustainability into our operational excellence activities and by continuous investments in innovation and digitalization. On the financial side, in addition to the growth and profitability targets, our ambition is to reach a Return on Net Operating Assets (RONOA) of more than 25%, and our intention is to keep an attractive dividend policy, with a 50% to 70% payout ratio.

Growth in a highly dynamic market environment

Our markets are expected to continue to develop with strong dynamics on the back of the world's energy transition and a continuous growth of the world's population. The exact developments are difficult to predict, but in any scenario identified by the International Energy Agency (IEA), the world will need more gases, and therefore more compressors. We have based our projections on a middle scenario, and a potential acceleration of the energy markets towards more secure and sustainable energy sources would tendentially accelerate our growth.

40%

By 2027, we aim to generate 40% of our order intake from applications that support the global energy transition.

Growth in the global market for hydrogen mobility and energy

In the past two years, we actively participated in the strong growth in the global hydrogen mobility and energy market. The two Divisions Systems and Services have established our company as one of the market leaders in this developing market. With our compression solutions and related services, we are present in the whole hydrogen value chain, from the hydrogen production to its transportation and storage, and finally its distribution. The long-term potential is considerable, not least because of global efforts to reduce CO₂ emissions and switch to more secure and sustainable energy sources. To fully exploit this opportunity, we will continue to focus on innovation, customer partnerships and increasingly rely on digital products and services.

H₂

We are present in the whole hydrogen value chain.

Our Company and Strategy

New opportunities through upgrades, marine services and digitalization

Further, new market opportunities arise in supporting existing customers in their efforts to reduce energy consumption and greenhouse gas emissions by upgrading their plants with modern compression solutions. Addressing this opportunity requires strong engineering capabilities, where Burckhardt Compression can differentiate. In addition, the number of our compressors installed on ships has increased significantly in the past few years and constitutes a special growth area for our Services Division, which has developed a strong global platform to serve this demanding market. Finally, we plan to expand our range of digital customer services under the UP! Solutions products and services suite, which aims to increase the reliability and service life of compressors.

Innovation as essential part of our growth strategy

Innovation is at the core of our purpose and is an essential thrust in our new strategy. We have significantly increased our R&D investment in the past three years, launched several new products and developed unique digital services. We will continue to innovate at a high pace to support our strategy and further strengthen our competitive position. In particular, new materials and products are under development for the hydrogen mobility and energy market, as well as for marine applications. For the Services Division, new components are under development with the aim to provide high operational reliability, optimal service intervals and easy maintenance – all with the aim of achieving the lowest possible operating costs for our customers and increasing the sustainability of our solutions.

With our digital solutions, we can increase the service life of compressors and extend their uptime.

Our Company and Strategy

Integrated business model

Integrated business model as the key to our success

Most compressors function as critical components of a larger system with an average lifespan of 40 years or more, so it is vital to have the support of a long-term oriented organization that offers expertise in all aspects, with highly trained employees. Our two divisions, Systems and Services, cooperate closely and between them cover the entire life cycle of reciprocating compressor systems. Customers are supported throughout the whole life cycle of their systems by a wide range of products and services, from project definition, project execution, systems installation and commissioning, ongoing service, and spare parts through to the complete overhaul of their system or even its conversion for a new purpose. The table below shows the entire life cycle of a compressor project and displays the interaction between the two divisions in the different project phases:

Life cycle of a typical project

Duration	1–3 years	10–22 months	1–12 months	1–2 months	2 years (avg)	40 years (avg)
Phase	Evaluation and start of construction	Engineering and manufacturing of compressor system	Compressor installation	Compressor start-up	Warranty period	Post-warranty
Decision maker	End customer/ EPC/Licenser	End customer/ EPC			End customer	
Project progression	Decision to build plant and purchase order	Compressor shipped & transfer of ownership		Product acceptance		Repair & maintenance; structural machine build
Division in charge	Systems Division				Services Division	

■ Systems Division
■ Services Division

Key markets

Petrochemical/chemical industry

The petrochemical/chemical industry is one of Burckhardt Compression's main markets. It covers the production of a vast range of commodities, which are present in our daily lives, such as lacquers, synthetic rubbers, adhesives and dyes, solvents, paints, fertilizers, and textiles. This market is driven primarily by the growing worldwide demand for products made of plastic, which requires an expansion of production capacity, combined with a trend towards greater local added value. The strong growth of the past couple of years was in particular driven by the need to increase production capacity for low-density polyethylene (LDPE) and ethylene-vinyl acetate (EVA), which is used as encapsulant for solar panels. Chemical recycling, which also uses reciprocating compressors, is an application that will gain in importance as it conserves resources. In the petrochemical and chemical industry market, companies will continue their efforts to reduce costs by replacing smaller plants with larger ones, establishing strategic production sites, and extending value-added chains.

Gas transport and storage

Gas transport and storage is another key market for Burckhardt Compression. To store or transport gases, they must be compressed or liquefied. Gases typically used in this market are Liquefied Natural Gas (LNG), Liquefied Petroleum Gas (LPG), and Compressed Natural Gas (CNG). Gas transport in specialized ships offers flexibility and avoids the geo-political risks associated with a dependence on pipelines. The process chain supported by Burckhardt Compression's compressors and services includes liquefaction, transfer to the carrier, handling the boil-off gases (BOG) during transport, unloading, storage until regasification, and feeding into the consumer network. Burckhardt Compression provides unique solutions for the compression and reliquefaction of BOG and fuel gas injection in two- or four-stroke marine diesel engines, at high or low pressure. It has recently won compressor orders for a significant share in LNG-powered ships, including commercial and cruise ships, which increasingly use LNG as fuel to reduce CO₂ emissions and meet stricter environmental regulations.

Hydrogen mobility and energy

Hydrogen mobility and energy is a new and fast-growing market for Burckhardt Compression. It is particularly growing in USA, Europe, China, Middle East, Korea and Japan, where this well-known molecule is given a significant potential role in the transition towards more secure and sustainable energies. The energy and transport industries are indeed increasingly using hydrogen to store energy and reduce carbon dioxide emissions. Compressors play a key role in the whole hydrogen value chain and the company has developed unique solutions for hydrogen production and liquefaction plants, hydrogen fueling stations with high mass flows, trailer filling and power-to-gas hydrogen production. Hydrogen is also a core component of green ammonia and e-fuels, which are emerging markets with significant growth potential.

60

Burckhardt Compression has more than 60 years of experience with hydrogen compression and offers a broad product range, including oil-free compressors for fuel cells applications.

Industrial gas

This market has been growing fast in the past years for Burckhardt Compression thanks to the increasing demand for polysilicon, which itself is the consequence of the rising demand for solar panels. Other industrial gases, such as argon, helium, carbon dioxide, carbon monoxide, oxygen, and nitrogen are usually produced in air separation plants. Their end markets are diverse, encompassing industries like metalworking and metallurgy, chemical companies, food manufacturing, glass, pulp and paper manufacturing, electronics, construction, and healthcare. Market drivers are regional growth and industry-specific growth.

Refinery

Refineries use distillation and chemical reactions to turn crude oil into a range of fuels, lubricants, and raw materials for further downstream processes. In this market, Burckhardt Compression mainly supplies compressors for various hydrogen applications (hydro-treating, isomerization, hydrocracking, reforming). The compressors are typically used to clean the raw products and reduce their nitrogen and sulfur content. Stricter environmental regulations, facility expansions and the requirement to process raw products of differing quality in a single facility are important drivers in this market. In addition, standard refineries are increasingly converted into biorefineries processing biomass.

Gas gathering and processing

The production of marketable natural gas begins with a pre-processing at the gas field itself using high-speed compressors. Gases can also be injected into wells to enhance the recovery of oil. Burckhardt Compression provides onshore and offshore solutions for these applications.

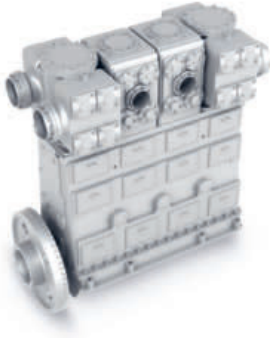
Our Company and Strategy

Compressor systems

Burckhardt Compression's reciprocating compressors lie at the heart of our customers' processes.

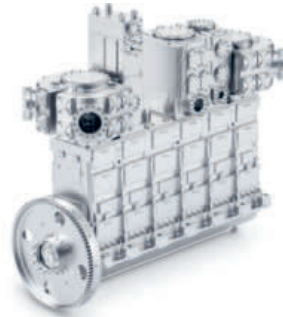
Laby® – Labyrinth Piston Compressors

The Labyrinth Piston Compressor is unique with its exceptional level of reliability and availability. The special labyrinth seal on pistons and piston rods creates a completely oil-free, contactless seal. This prevents piston ring debris from contaminating the gas as well as friction-induced hot spots. The result is a longer service life, which has a positive impact on overall reliability and operating costs. The Laby® Compressor is designed to compress bone-dry, dirty, abrasive, and other gases. The gas-tight and pressure-resistant casing reduces gas emissions and losses to the environment to virtually zero. The Laby® Compressor easily manages the compression of LNG boil-off gas at suction temperatures down to -160°C (-250°F).



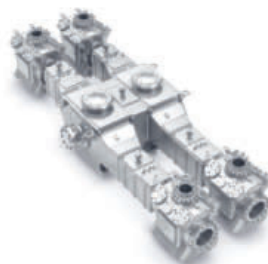
Laby®-GI Compressors

The Laby®-GI Compressor is mainly used for the compression of LNG boil-off gas. It has a fully balanced design that eliminates unbalanced moments and forces, so it can be used on offshore vessels and installations where strict guidelines on maximum allowable vibration levels on deck structures must be observed. The unique combination of labyrinth seal design and tried-and-tested ring seal technology makes Laby®-GI Compressors the solution of choice for both low-temperature and high-pressure applications. The proven technology guarantees maximum efficiency and lowest life cycle costs without any gas slippages.



Process Gas Compressors per API 618

We have many years of experience with hydrogen compression systems for the refining industry and now also offer hydrogen compression solutions for hydrogen mobility and energy applications. Burckhardt Compression offers non-lubricated and lubricated Process Gas Compressors, horizontal and vertical. They are suited in particular to the high-pressure compression of hydrogen, hydrocarbon, and corrosive gases. Process Gas Compressors built by Burckhardt Compression are synonymous with unrivaled availability and long operating lives. Optimal sizing and the use of top-quality compressor components and materials ensure low operating and maintenance costs.



The design, the advanced Burckhardt Compression technology and superb quality together with the robust construction translate into excellent reliability and low life cycle costs.

Hyper Compressors

Burckhardt Compression is the world market leader for Hyper Compressors. The Hyper Compressor is a high-pressure reciprocating compressor for low-density polyethylene (LDPE) and ethylene-vinyl acetate (EVA) plants with a discharge pressure of up to 3'500 bar. Burckhardt Compression has established an outstanding track record with nearly 70 years of experience in building this type of compressor. It is characterized by a long operational life and high safety standards, which can be traced to its unique construction design and Burckhardt Compression's global one-stop maintenance and service capabilities. The most powerful compressor in the world, driven by a 33'000 kW electric motor and compression capacity of 400'000 tons of ethylene a year, was built by Burckhardt Compression in 2016.



Our Company and Strategy

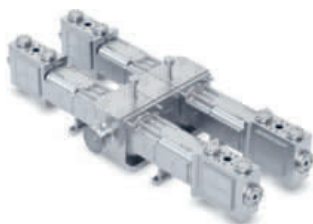
Standard High-Pressure Compressors

Burckhardt Compression's Standard High-Pressure Compressors are reciprocating compressors with a compact design and low weight. They are delivered skid-mounted with structural supports that dampen vibration, so there is no need for a special foundation. The air and water-cooled compressors are used to compress air, hydrogen, nitrogen, helium, argon, natural gas and other non-corrosive gases and gas mixtures at land facilities and on ships.



High-Speed Compressors

High-Speed Compressors are essentially Process Gas Compressors with shorter strokes and higher rotational speeds. These compressor systems are used for natural gas processing and transport applications.

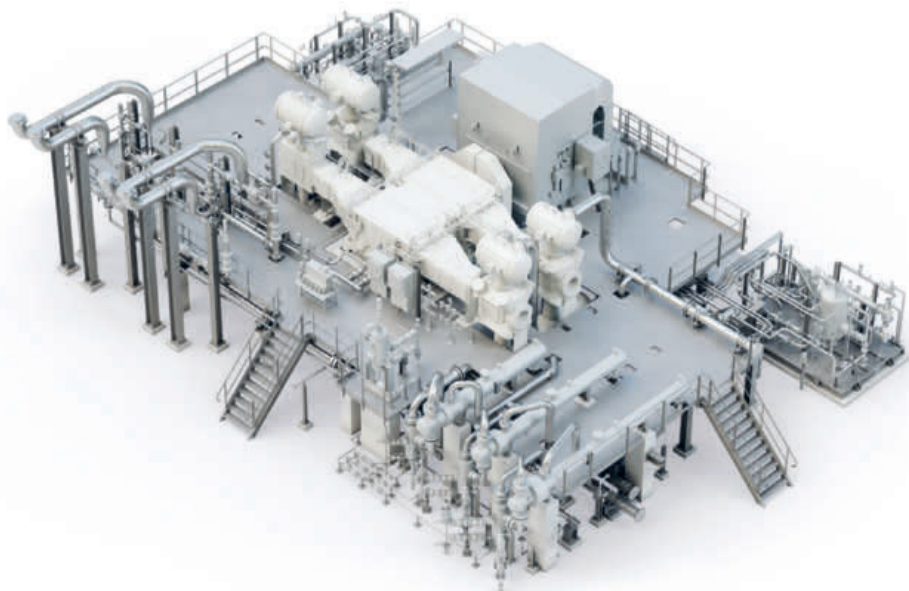


Compressor systems and packages

Beyond the compressor itself, we engineer the complete system in-house to customers' specifications and use proven and qualified suppliers. We work together with our customers' teams to make every project a success for their business.

Diaphragm Compressors

Diaphragm Compressors compress gas by means of a flexible membrane. These membranes are usually metallic, have a limited stroke and are used for smaller gas flows at high pressure. The advantage of this technology is that the gas is hermetically sealed by the membrane during compression, enabling very high levels of gas purity. Burckhardt Compression's diaphragm compressors are used for hydrogen fueling stations and for the compression of small quantities of pure gas for medical and other purposes.



Our compressor portfolio

Our Company and Strategy

Services and components

The Services Division provides a comprehensive range of services, from simple modifications to extensive retrofit, revamp projects, and turnkey solutions. It is backed by original equipment manufacturer (OEM) parts with high supply readiness and vast engineering know-how. Experienced field service technicians ensure close interaction with the customer and rapid response. Service Centers around the world also handle repairs of all brands. Depending on the size of the project and the construction site, Burckhardt Compression offers a 24/7 shift operation so that the plants can be put back into operation even faster. We also provide reliable expert monitoring and diagnostic solutions and advisory services – all from a single source.

Comprehensive engineering, revamp, and repair expertise

For operators, the reliability, availability and cost-effectiveness of reciprocating compressor systems, and their compliance with environmental and emission regulations, are crucial. Thus, partners that can offer expertise and sound advice are essential. Burckhardt Compression stands out thanks to its comprehensive in-house expertise. A wide range of complementary services are offered for all brands of reciprocating compressors and their auxiliary systems in 50 service workshops around the world. Our specialists use proprietary, advanced software tools to model, calculate, and optimize reciprocating compressor performance, regardless of make or brand. A highly motivated team carries out revamp projects of any complexity to the full satisfaction of customers and can prolong the operating life of older compressors by retrofitting them with the latest technology. This range of services also includes a valve service, overhaul of compressors and repairs to the current best practice level.

UP! Solutions represent user-friendliness and maximize productivity through optimized uptime and overall cost management, resulting in customer success.

Original spare parts for optimal compressor operation

Compressor components, such as valves, seals, and packings are subject to wear and tear, and therefore largely determine the duration of service intervals, operational availability and, ultimately, the overall life cycle costs of reciprocating compressors. Original spare parts backed by Burckhardt Compression's full warranty as an original equipment manufacturer (OEM) stand for superior quality and ensure low life cycle costs and the optimal operation of compressor systems. These top-quality compressor components are tailored to specific system requirements.

Monitoring and diagnostics – digital service solutions

Under the name UP! Solutions, Burckhardt Compression provides a range of services that offer significant levels of control and convenience and enable its customers to optimize their operations. UP! Remote Support has been on the market since this reporting period and offers a remote support solution where customers receive direct, on-the-job support from the Burckhardt Compression experts via a tablet or HoloLens.

Reliable condition monitoring and diagnostic systems for reciprocating compressors and equipment, integrated within the top-level systems for monitoring an entire production facility, are effective tools for enhancing workplace safety and prolonging the service intervals of a compressor system. Continuous machine diagnosis detects potential and actual anomalies at an early stage and thus helps to avoid costly and unexpected downtime. The diagnostic systems made by our subsidiary PROGNOST Systems GmbH are designed for use with all types of reciprocating compressors and with many other types of rotating machinery. They are backed by unrivaled technology and deliver value day after day to our customers. Finally, the myFleet portal offers a rapid, transparent, and efficient overview of queries, documentation, and spare parts for compressors.

Field Service – close to the customer

Geographic proximity and trusting relationships are vital to Burckhardt Compression's success. Around 400 experts in Field Service, from engineers to local site managers, provide a rapid response capability that covers all the necessary skills and are known for their pronounced service mentality. A local presence simplifies interaction with the customer, shortens the supply chain and maximizes uptime. This service network will continue to grow.

Customer trainings

The objective of our ever-growing range of customer training and learning programs is to foster regular technical exchange with our customers on compressors and their operation, and to pass on Burckhardt Compression's engineering expertise. Theoretical and practical training programs for various types of compressors and for our own and third-party components are offered at our modern training center in Winterthur, and at locations in Korea, China, India, Germany, and the US. We also provide on-site training at customer sites for their systems. As part of our digitalization strategy, online training has become predominant in the past couple of years.

Around 400 Field Service Experts have gained their know-how over many years and have extensive expertise in each application.

From engineering workshop to global market leader

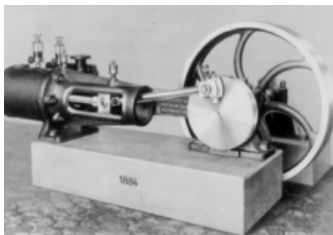
1844

Franz Burckhardt opens an engineering workshop in Basel



1883

Development and sale of the first single-stage, dry-running reciprocating compressor



1890

August Burckhardt founds the Burckhardt Maschinenfabrik

1913

Delivery of the first compressor for ammonia synthesis to BASF Ludwigshafen, Germany

1920

Start of fertilizer production using ammonia synthesis compressors

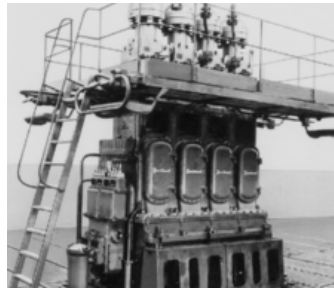


1935

Development and sale of the first Labyrinth Piston Compressor (Laby) for oxygen compression in steel production

1951

Manufacture of low-density polyethylene (LDPE) thermoplastic using Hyper compressors



1969

Acquisition by Sulzer

1971

Transport and storage of natural gas with labyrinth piston compressors

1982

Consolidation of Sulzer's activities in the field of reciprocating compressors to form Maschinenfabrik Sulzer-Burckhardt AG

1999

Consolidation of Basel and Winterthur sites at the Winterthur site

2002

Five members of the management board buy out the business together with a financial investor; name changed to Burckhardt Compression

2006

Stock exchange listing on the SIX Swiss Exchange (IPO), valor BHCN

2013

Laby®-GI compressors are used on LNG tankers

2015/19/22

Acquisition of Arkos Field Services, USA, in two stages; access to a qualified workforce and service centers across the USA; in 2022 merger with Burckhardt Compression US Inc.



2016

New company structure with two divisions, Systems and Services

2016/20

Acquisition of Shenyang Yuanda Compressors, the leading Chinese manufacturer of reciprocating compressor systems, in two stages; proximity to local market, expansion of the product portfolio and direct access to an established local supply chain

2020

Acquisition of the compressor business of The Japan Steel Works JSW to strengthen position in the global market and particularly in Japan

2021

Acquisition of Mark van Schaick in The Netherlands

2021

Market introduction of two compressor ranges for LNG-fueled ships

2021

Launch of high pressure non-lubricated compressor for hydrogen mobility and energy

2023

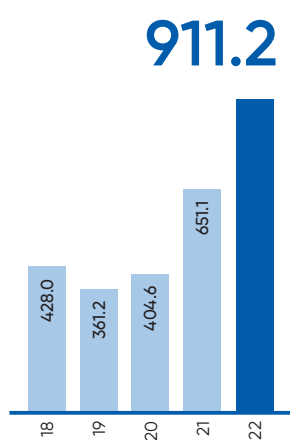
Acquisition and integration of assets and employees of SPAN Maintenance and Service Co. Ltd. in Thailand into the newly founded subsidiary Burckhardt Compression (Thailand) Co. Ltd.

Company history ●

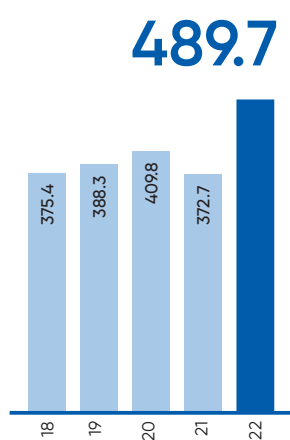
Compressor development ○

Systems Division

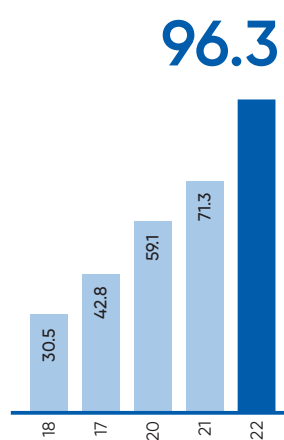
Order intake
in CHF mn



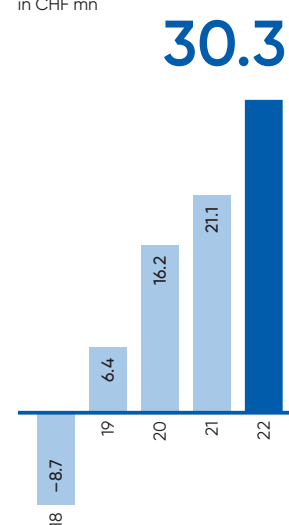
Sales
in CHF mn



Gross profit
in CHF mn



Operating income (EBIT)
in CHF mn



in CHF mn

	2022	2021	Change 2022/2021
Order intake	911.2	651.1	39.9%
Sales	489.7	372.7	31.4%
Gross profit	96.3	71.3	35.1%
in % of sales	19.7%	19.1%	
EBIT	30.3	21.1	43.5%
in % of sales	6.2%	5.7%	
Headcount at end of fiscal year (FTE)	1'684	1'518	10.9%

Exceptionally strong order
intake, growing by

+40%

Systems Division

In a challenging market environment affected by trade sanctions and supply chain disruptions, the Systems Division looks back at a very successful fiscal year 2022. The division has further expanded its already strong market position, and reached new historical records for order intake, sales, gross profit, and EBIT. These results represent a strong over-achievement compared to the targets defined in the Mid-Range Plan 2018–2022.

Financials

Order intake of the Systems Division stood at CHF 911.2 mn, representing an increase of 40% after an increase of 61% in the previous year. The division also recorded a substantial increase in sales of 31% to CHF 489.7 mn on the back of the high order intake of the past two years. Proactive measures to expedite the supply chains combined with a certain stabilization of global logistics allowed to deliver large projects in the final weeks of fiscal year 2022, some of them even ahead of schedule. Gross profit increased by 35% to CHF 96.3 mn, resulting in a slightly higher gross margin of 19.7%, supported by the high utilization of production capacities, a favorable product mix and robust project execution. EBIT grew by 44% to CHF 30.3 mn, owing to higher volumes and slightly improved gross margins. This resulted in an EBIT margin of 6.2% (previous year: 5.7%), despite CHF 7.1 mn one-off costs and provisions for write-offs and other expenses in the context of the exit from the sanctioned Russian market.

Market developments

The extraordinary order growth was driven by the strong position of the Systems Division in the ecosystem of new market segments, like the rising solar panel production, Liquefied Natural Gas (LNG) use in marine applications and in hydrogen mobility and energy applications. By being a first mover in those market segments, the division was able to shape the specifications with its customers, supporting them towards a technically and economically optimized solution. In particular, the division won large orders of non-lube Laby[®]-GI for LNG carriers as well as Hyper and Booster-Primary Compressors for low density polyethylene (LDPE)/ethylene-vinyl acetate (EVA) production. In the

The hydrogen mobility and energy continues its rapid growth worldwide.

hydrogen mobility and energy sector, the growth was driven by the US and European markets. At the same time, the division defended its strong market share in established market segments.

Chemical and petrochemical industry

The Systems Division benefited significantly from a strong market position in the chemical and petrochemical industry segment, where an extraordinary high demand for LDPE/EVA compressors arose in 2022. EVA production capacity in particular is increasing in support of the solar panel industry, which has been growing globally. 2022 has most likely been an extraordinary peak for LDPE/EVA compressor orders, yet the Systems Division will maintain its strong market share even in a slightly cooled-down market environment.

Gas transport and storage

The order intake in the gas transport and storage segment benefited from a boom of demand for Laby[®]-GI compressors for LNG carriers. A significant amount of these orders has been preponed from fiscal year 2023 and will be delivered over several years. Going forward, China will become an important market for merchant shipping and LNG carriers, and we will benefit from our strong position in this country. Finally, the marine LPG application has seen a clear decrease in fiscal year 2022.

Hydrogen mobility and energy

The hydrogen mobility and energy market continues its rapid growth worldwide, driven by a fruitful combination of strong political support, public and private investments, and maturing technologies. Burckhardt Compression took an early mover position and developed the ecosystem with other suppliers and strategic customers in Europe, USA, and China, thanks to our portfolio of reciprocating and diaphragm compressors for trailer filling stations, hydrogen refueling stations, and hydrogen liquefaction plants. Our partnership with Shell New Energies to develop heavy-duty hydrogen refueling station compressor systems was reinforced in 2022 with a pilot project for feed compressors. The strategically important customer Plug Process Systems (PPS) in the USA trusted us with a significant order for hydrogen liquefaction plants. We also partnered with Hydrogen-Refueling-Solutions (HRS) to supply diaphragm compressors for hydrogen refueling stations in Europe.

Industrial gas

Shenyang Yuanda Compressor gained a strong share of the growing compressor market for polysilicon production in China supporting the solar panel industry. The rest of the global industrial gas market remained stable.

Refinery

The refinery market was impacted by a limited number of new projects announcements, delayed projects, as well as the withdrawal from the Russian market.

Alongside the focus on hydrogen mobility and energy, we will strengthen our market share in low-emission marine fuels and solar-industry-driven applications.

Gas gathering and processing

Gas gathering and processing remained active in the period under review but represents a small share of our total order intake.

Infrastructure and capacity

The increase of the Systems Division's delivery capacity is a core priority: Every step along the value chain has been assessed and required measures for capacity extension have been defined. For instance, we completed a logistics expansion project, including new high-bay racking in our Swiss manufacturing facility. Moreover, we are continuing with our machine-shop upgrades in Switzerland, which includes a semi-automated machining cell put into operation for component handling via robot, and 3D-scanning equipment to replace manual processes. In India, we are expanding our existing premises with an upgrade of the test beds to increase capacity and enable the assembly and testing of larger process gas compressors. In Korea, we are building an additional floor on top of the office building to strengthen our capacities in East Asia. In the USA, the existing assembly and testing infrastructure is being upgraded to ramp up capacity and expand the compressor portfolio. Finally, Shenyang Yuanda Compressor has inaugurated a new testing facility for diaphragm compressors.

Research and development

The research and development activities of the last fiscal year focused on solutions for new markets, as well as on the improvement of the competitiveness of our existing portfolio. For the hydrogen market, we have extended our product portfolio with heavy-duty, high-pressure solutions for trailer filling. We have launched new products for the LNG marine markets, especially addressing the growing demand for LNG-powered merchant ships. Finally, we have upgraded some of our solutions for the petrochemical market, further strengthening our technology leadership in this segment.

Outlook

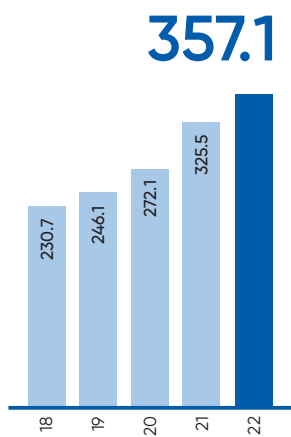
In recent years, the Systems Division has reinforced its position as a market leader and has clearly exceeded its Mid-Range Plan targets for 2022. Going forward, the energy transition presents many new opportunities. While the speed of the transition remains uncertain, Burckhardt Compression is intrinsically hedged for all scenarios, with strong positions in both traditional and new applications. By fiscal year 2027, we aim to reach 40% of our order intake from applications that support the world's energy transition and are prepared to capture a potential upside when the energy transition towards a net-zero scenario accelerates.

The Systems Division will maintain its share in traditional markets whilst growing stronger in new markets. Alongside the focus on hydrogen mobility and energy, the fastest-growing segment, we will strengthen our market share in low-emission marine fuels and solar-industry-driven applications. From a regional perspective, we will maintain our leading position in China and accelerate our growth in the USA and East Asia. We will realize this transformation by building on customer partnerships, technological leadership, and a strong regional service presence.

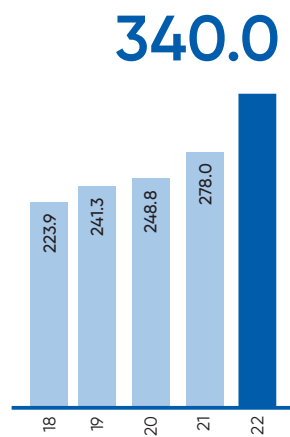
Strong sales growth is expected in an early phase of the Mid-Range Plan, on the back of the exceptionally high order volume of the past two years. From an operational perspective, delivering on this is a key priority and will be supported by leveraging the existing factories and supply chain, via flexible project allocation between sites.

Services Division

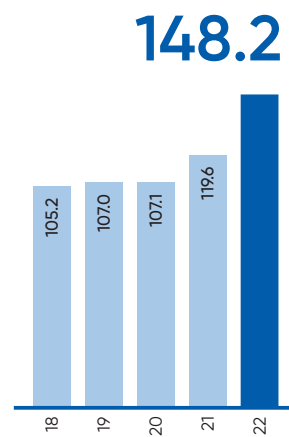
Order intake
in CHF mn



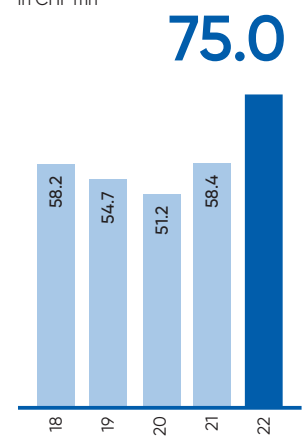
Sales
in CHF mn



Gross profit
in CHF mn



Operating income (EBIT)
in CHF mn



in CHF mn

	2022	2021	Change 2022/2021
Order intake	357.1	325.5	9.7%
Sales	340.0	278.0	22.3%
Gross profit	148.2	119.6	23.9%
in % of sales	43.6%	43.0%	
EBIT	75.0	58.4	28.6%
in % of sales	22.1%	21.0%	
Headcount at end of fiscal year (FTE)	1'275	1'198	6.4%

The Services Division succeeded in significantly increasing its sales, driven by spare parts, revamp and repair solutions and digital products.

+22%

Services Division

Continuing its successful growth strategy, the Services Division reached new historical records for order intake, sales, gross profit and EBIT in fiscal year 2022. All regions have participated to this success and these results come close to the targets defined in the Mid-Range Plan 2018–2022.

Financials

The Services Division grew its order intake by 10% to CHF 357.1 mn in fiscal year 2022 and recorded a strong sales increase of 22% (21% net of the acquisition of Mark van Schaick) to CHF 340.0 mn. Gross profit grew by CHF 28.6 mn to CHF 148.2 mn, resulting in a gross margin of 43.6%, similar to the previous year (43.0%). EBIT strongly increased by 29% to CHF 75.0 mn thanks to higher sales, yielding an EBIT margin of 22.1%, which is 1.1 percentage points above the previous year. In the course of fiscal year 2022, Arkos Field Services (USA) was merged with Burckhardt Compression US Inc., after generating an EBIT margin of around 5%.

Market developments

The demand for complete solutions, on-site services, monitoring, and diagnostics was very strong in fiscal year 2022. This growth was mainly driven by Asia, Europe, and the USA. Asia-Pacific grew across products and applications and benefited from a large, newly installed base. In Western Europe, we grew thanks to large turnaround projects and considerable marine service interventions, which more than compensated the negative effects linked to the war in Ukraine. The exit of the Russian market was more than offset by an exceptionally high level of activity in Eastern Europe and by growth in the Middle East. The US market gained from positive market indicators mainly in gas gathering and processing as anticipated. One additional driver for our growth was the marine business with new, long-term service agreements won during the year. In this and other markets, we are benefiting from a clear trend among customers seeking not just a supplier, but a competent partner that can offer a full range of services.

With around 400 Field Service Representatives around the globe, we are ready to cover almost all needs in an appropriate time.

Spare Parts

Growth continued during the reporting period, thanks to an increasing installed base and a growing number of customer frame agreements.

Engineering/revamp/repair solutions

Substantially increased selling activities resulted in significant orders received from European and Asian customers. Thanks to the ongoing relaxation of Covid-19 restrictions, we were able to make better use of our capacity. The trend for long-term service contracts is continuing, and the requirement for complex engineering solutions for complete on-site overhauls (turnaround projects) reinforces this segment further. In the revamp business, the need for lower emission solutions opened up new opportunities.

Field Service

Highly skilled and professional field service technicians offer a variety of services to cover local requirements. With about 400 Field Service Representatives around the globe, we are ready to cover almost all needs in an appropriate time. This segment profited from the tendency of installation services being ordered together with new compressor systems, as well as from the relaxation of Covid-19 restrictions, especially in China.

Digital products and services

We achieved a record order intake for PROGNOST® monitoring products and services in fiscal year 2022. We further developed our digital services for connected compressors to support customers with predictive maintenance. In close collaboration with key customers, we achieved positive results with first pilot applications, such as UP! Remote Support and in the development of algorithms for failure prediction.

Customer satisfaction

Through the "Voice of Customer" initiative, we received more than 1'000 customer feedback responses, which will help to improve the way we provide services. One area of improvement is "convenience". To make it easier for customers to work with us, we have further developed our customer portal solution, which can be used to order parts, ask for support, and see installed assets including drawings. Another important element for facilitating collaboration are the long-term service agreements, which clarify the spirit of partnership between the customer and ourselves, with defined terms and conditions, and scope of supply.

We are transforming and building new growth avenues by developing a network and organization to service the hydrogen mobility and energy market and marine customers.

Infrastructure and capacity

We invested in service capabilities in China and built new service workshops in France, Turkey, and Singapore. We also strengthened our presence in Asia by integrating the acquired assets and the employees of SPAN Maintenance and Service Co. Ltd. into the newly established subsidiary Burckhardt Compression (Thailand) Co. Ltd. as of April 1st, 2023. In France, we purchased the land and building of Société d'Application du Métal Rouge (SAMR), and plan further investments in the machine park to increase capacity for sliding bearings.

Acquisitions

With the complete integration of Arkos Field Services in the USA, and merging the legal entity with Burckhardt Compression US Inc. as of January 1st, 2023, we now have one BCUS organization consisting of Systems and Services under one legal entity. We have streamlined the local set-ups, sold the Houma Service Center in Louisiana, and have integrated its service business in our new Service Center in New Iberia. The integration of the business of Mark van Schaick BV was successfully completed and renamed in Burckhardt Compression (Nederland) BV.

Research and development

In May 2022, UP! Remote Support was released for sale, to support customers even better and faster on site. The new service provides clear benefits such as fast support by eliminating travel time, easier access to expert knowledge, shorter machine downtime, and reduced operating costs. First orders for UP! Remote Support were recorded. In fiscal year 2022, we also introduced the new product PROGNOST[®]-Wireless, a cost-effective wireless sensor add-on for condition monitoring of a large number of equipment.

Outlook

The strategic focus of our Mid-Range Plan 2023 to 2027 is to strengthen our core business by becoming a full-service provider for gas compression solutions, improving coverage of the installed base, and increasing our presence in the USA, Asia and selected white spots. At the same time, we will expand our marine service offering.

We will further improve our process efficiency and realize our digitalization potential, while increasing our spare parts performance. We will globalize our components production for Burckhardt Compression and other brand compressors and leverage our selling, general, and administrative expenses.

We are transforming and building new growth avenues by developing a network and organization to service the hydrogen mobility and energy market and marine customers. We will grow service offerings addressing customers' operational excellence and sustainability agendas, develop new business models and offerings including digital solutions, and enhance our business foundations by fostering EOHS (Environment, Occupational Health, and Safety) and a service culture.

Sustainability



«Sustainability is an integrated part of our new strategy, and a key to creating leading compression solutions for a sustainable energy future.»

Fabrice Billard,
CEO



Online-AR
[report.burckhardtcompression.com/
sustainability-report](https://report.burckhardtcompression.com/sustainability-report)

Ambitious sustainability targets for our Mid-Range Plan 2023–2027 and a net-zero commitment for Scope 1 and Scope 2 emissions by 2035

We have reached another milestone by embedding sustainability into our business strategy with our new Mid-Range Plan 2027. Sustainability is now deeply rooted in our new purpose and a key pillar for the business strategies of both divisions. To underline our commitment, we have defined eight key sustainability targets for 2027, one for each material topic.



* Excluding the Shenyang foundry, where we rely on renewable grid electricity or technological developments to achieve our ambitions.
 **Based on current survey methodology.

On a strategic path to a sustainable organization

Our holistic approach to sustainability considers our beneficial and adverse impacts on the economy, society, and the environment, as well as the opportunities and risks that arise for our company in return.

We have rooted sustainability deeply in our core business and our organization with our new Mid-Range Plan.



Three main strategic directions guide us on our journey.

Creating leading compression technology for a sustainable energy future

The world has to meet a growing demand for energy while mastering the trilemma of energy security, environmental sustainability, and energy equity. Our compression technology plays a key role in different areas of a sustainable energy future and the transition towards it. Compressors are needed to expand the production of solar panels, support energy security through versatile energy transportation options such as Liquefied Natural Gas (LNG), or enable scalable use of hydrogen as a future energy carrier.

Supporting our customers on their sustainability journey

Increasingly, our customers are embarking on a sustainability journey, just as we are. With our products and services, we can support our customers on this path. When it comes to energy efficiency or reduction of gas leakages, we can realize significant savings together with our customers, since around 99% of the greenhouse gas footprint of a compressor comes from the use phase. If we consider the approximately 70'000 existing industrial-sized reciprocating compressors in the world, our potential positive impact is substantial.

Integrating sustainability in our organization and the supply chain

As a global industrial technology company with close to 3'000 employees (FTE), we have the capabilities and the commitment to contribute to a sustainable development. We have integrated sustainability in our core strategy, our new Mid-Range Plan. We also recognize our responsibility to exercise our due diligence obligations in the supply chains and uphold our product responsibility. The largest sustainability potentials for our company lies in our eight material topics as outlined in this Sustainability Report.

Systems Division

Compression technology for a sustainable future

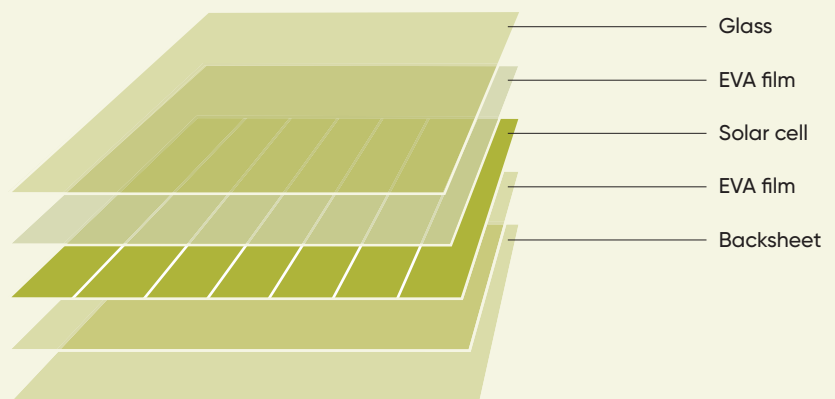
Compressors are critical components in several areas of the energy transition and therefore a decisive building block for its success.

Our compressors are a key component in a wide range of applications related to power generation, transport, and supply.

Applications on the journey towards a sustainable energy future include hydrogen, biodiesel, ammonia, solar energy, Liquefied Natural Gas (LNG), and others. In recent years, three applications in particular have contributed to our fast growth.

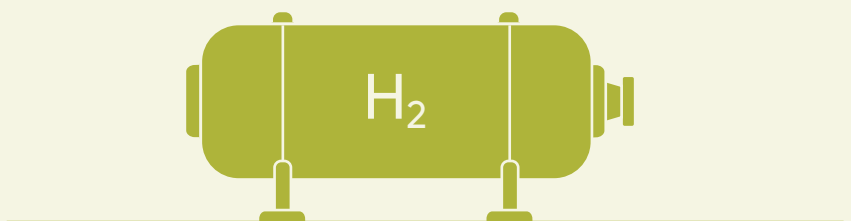
Enabling the expansion of solar power

Burckhardt Compression's technology is used in two steps of solar cell production. First, a solar panel usually contains a thin, transparent plastic film made from ethylene-vinyl acetate (EVA) encapsulating the solar cell. This layer needs to have good radiation transmission properties and demonstrate low sunlight degradation. EVA is produced with a chemical reaction at more than 3'000 bar, requiring some of the largest compressors available in the world, and for which Burckhardt Compression is a leader. The second step requiring our compressors is the production of polysilicon, which is the core of the solar cell.



Empowering hydrogen as an energy carrier

Our equipment has been compressing hydrogen for decades, but the importance of this molecule as a key building block of a sustainable energy future gives it entirely new dimensions. There are several critical components to make hydrogen a viable and economical option such as the electrolyser, the compressor, its motor, and the dispenser in fuel stations. We have stand-out technology for scaling hydrogen compression, which will be an important step toward an economic use of this gas.



Making LNG accessible as a transitional energy

Liquefied Natural Gas (LNG) is an important component of the global energy supply as a short- and medium-term bridge energy for replacing coal or as a fuel for marine applications, replacing carbon-intensive heavy fuel oil until zero-emissions solutions are available. Our compression technology is used, for example, in re-liquefaction processes, boil-off-gas handling, or for providing fuel gas to modern dual-fuel engines.



Services Division

Energy efficiency for our customers

Our compressors are used mostly in industrial and energy supply processes. Savings and improvement measures that we achieve with our customers have a multiplier effect due to the long operating hours and service lives.

We were able to successfully implement various revamp and upgrade services for our customers.



Contributions to the sustainable development goals (SDGs)



SDG 7
Enabling energy savings through efficiency gains.



SDG 13
Reduction of CO₂ emissions resulting from energy savings.



SDG 12
Extension of service life for wear parts.

A path away from shutdowns and wasteful energy consumption

In the past fiscal year, we enabled significant efficiency gains for one of our customers, a global chemicals company. Two vertical Process Gas Compressors equipped with another brand’s rings were facing challenges with extensive leakages, reduced gas flow, temperature issues, and a very short lifetime of wear parts. This led to frequent compressor shutdowns and wasteful energy consumption.

Our thorough system integrity analysis provided the basis for our repair and overhaul measures. We upgraded the piston and packing rings to Persisto® 850, a leading material that we developed for dry-running reciprocating compressors. Further, we repaired the piston rods, applied an enhanced coating, and refurbished the packing and other components at our local Service Center.

Considerable energy and wear part savings achieved

With the overhauled compressor solution, we were able to facilitate several sustainability benefits for our customer. In addition to an improved uptime of the compressor, internal leakages could be eliminated, and a nominal gas flow restored. The service life of the wear parts was extended, thus reducing maintenance costs. Looking at the energy balance, an approximate efficiency gain between 500-1'000 MWh per year could be realized. This corresponds to the annual electricity consumption of around 150 to 250 average Swiss households.

Sustainability Report 2022

Our sustainability roadmap is fully integrated in our Mid-Range Plan 2027. It follows a strategic approach, is focused on eight material topics, and has a firmly anchored governance.

Our Strategic Approach

We create leading compression solutions for a sustainable energy future and aspire to incorporate economic, environmental, and social aspects into our business activities and decisions. Burckhardt Compression is an industrial technology company specializing in reciprocating compression solutions for all types of gases. With a company history stretching back over 179 years and products with a useful life of more than half a century, we base our business decisions on a long-term perspective. And we approach sustainability with the same mindset: pragmatic, focused on the long-term, creating value and impact driven.

Strategic focus on eight material topics

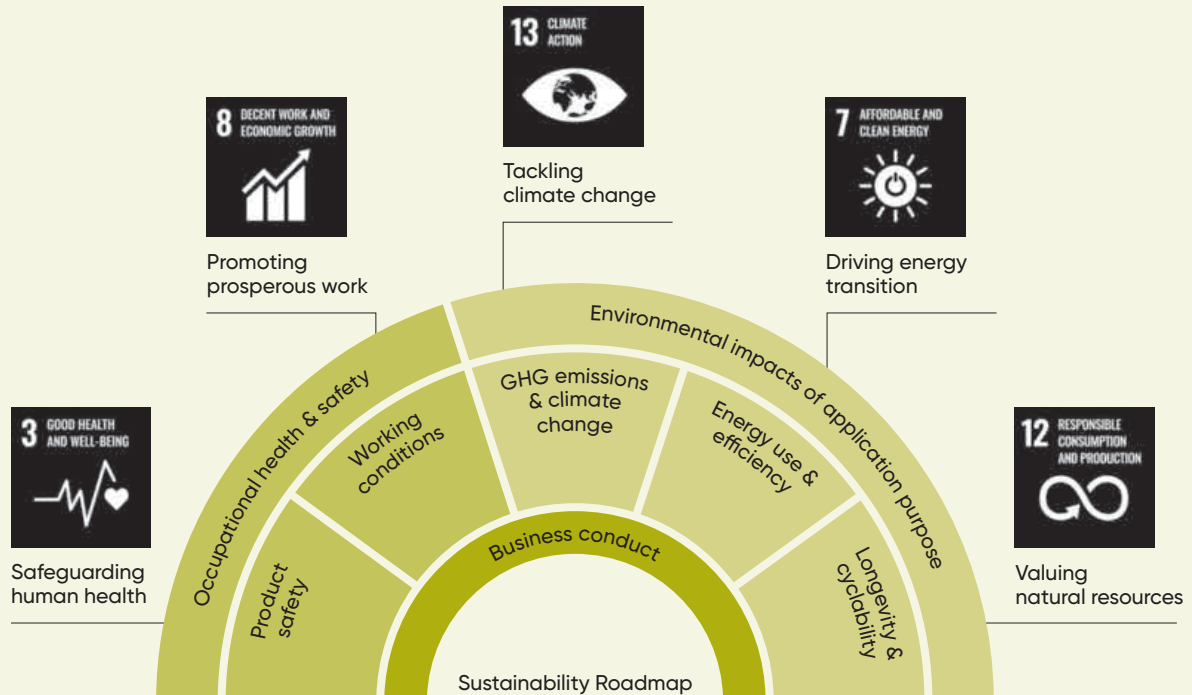
In our sustainability approach, we focus on eight material topics, which we identified by analyzing our impacts on the economy, environment, and society. These eight material topics build our framework and the core of our sustainability roadmap.

Burckhardt Compression is committed to supporting the Sustainable Development Goals (SDGs) as defined by the United Nations. These SDGs address the world's most pressing sustainability challenges and are to be achieved as part of Agenda 2030 for Sustainable Development. We have stated five sustainability ambitions, each linked to a strategic SDG and directly related to our material topics:

- Safeguarding human health (SDG 3: Good health and well-being)
- Promoting prosperous work (SDG 8: Decent work and economic growth)
- Tackling climate change (SDG 13: Climate action)
- Driving energy transition (SDG 7: Affordable and clean energy)
- Valuing natural resources (SDG 12: Responsible consumption and production)

We have also identified six additional SDGs to which we can contribute.

Strategic sustainability framework



Our senior leaders play a key role in achieving our goals, which is why sustainability is now part of the remuneration in the form of our long-term incentive plan. Our 2027 target to reduce our greenhouse gas emission intensity by 50%* (2021: 2.1 kg CO₂e/h) is one of three key performance indicators for the long-term incentive of our top management.

We developed a commitment to net-zero greenhouse gas emissions by 2035 which goes beyond our Mid-Range Plan target for 2027. We follow a 1.5°C climate aspiration in reference to the Paris Climate Agreement for our Scope 1 and Scope 2 emissions. In addition, we are committed to reducing our Scope 3 emissions.

Overarching due diligence on human rights and international environmental standards

The focus on our material topics and sustainability ambitions includes an overarching due diligence approach. We acknowledge the responsibility to respect internationally recognized human rights and international environmental standards, which is also defined in

our Code of Conduct. We incorporate the precautionary principle into our activities and decision-making, such as the consideration of environmental requirements in product design, the consideration of human rights in our supply chain, and the assurance of safe product operation at our customers' sites.

Supply chain management plays a key role in this. Burckhardt Compression taps into its suppliers' experience to continuously improve its products, because an important part of the value creation is provided by them. We source raw materials for the foundry in Shenyang, China, raw materials and semi-finished products for the manufacture of compressors in our factories, and components and other accessories to complete and maintain the compressor systems on-site. For this, we have an established global supply chain, with core suppliers for production located in the wider regional area.

Through our Code of Conduct for business partners, we set the same high standards for suppliers as we do within our company, and we also include them in our environmental and quality policy.

Material topics

			value chain impacts		
			supply chain	own operations	use/end-of-life
Environment	1. Greenhouse gas emissions & climate change	Impacts on climate change, including greenhouse gas emissions along the value chain, and mitigation of climate change risks.	●	●	●
	2. Energy use & efficiency	Energy consumption, efficiency and sources for the production, provision and operation of Burckhardt Compression's products and services.	●	●	●
	3. Longevity & cyclability	Fostering a long lifecycle and the circularity of materials and products in Burckhardt Compression's business activities, including maintenance and repair services.	●	●	●
	4. Environmental impacts of application purpose	Environmental impacts of the use case of Burckhardt Compression's products and services, including the contribution to a sustainable energy transition.	○	○	●
Society	5. Working conditions	Employment terms including working hours, compensation, and labor-management relations as well as the satisfaction of employees with those terms.	●	●	○
	6. Occupational health & safety	Maintaining and promoting a safe and healthy working environment for workers involved in the production and provision of Burckhardt Compression's products and services.	●	●	●
	7. Product safety	Maintaining and promoting the safe and healthy operation of Burckhardt Compression products and maintained products of other brands.	○	○	●
Economy	8. Business conduct	Ensuring and promoting that Burckhardt Compression's business activities are conducted in compliance with regulations, standards and ethical principles.	●	●	●

*Excluding the Shenyang foundry where we rely on renewable grid electricity or technological developments to achieve our ambitions.

We conduct checks on-site or when goods arrive to ensure observance of specifications and verify this by reviewing the required audit reports. We adopted a policy on conflict minerals and initiated a risk-identification process for child labor and other human rights risks. In the reporting period we also updated our supplier assessment process, including sustainability, which we will roll out in fiscal year 2023.

Our Material Topics

1. Greenhouse gas emissions and climate change



Topic lead: President Systems Division

Target: Reduce greenhouse gas emission intensity for Scope 1 and 2 by 50%.* (2021: 2.1 kg CO₂e/h)

Tackling climate change is one of the most pressing global challenges. The potential consequences of climate change are grave, in some cases irreversible, and affect individuals, organizations, and countries alike. The Paris Agreement of 2015 is a legally binding international treaty between states on climate change. It recognizes the need to limit global warming to below 2°C above pre-industrial levels, preferably as low as 1.5°C.

Burckhardt Compression recognizes its responsibility and the potential to reduce its greenhouse gas emissions across the entire value chain. Our activities and technology make an increasing contribution to combating climate change and to supporting Sustainable Development Goal 13: Climate action.

The majority of the emissions associated with our business activities arises in the use phase of our compressors due to their long lifetime of 30 to 50 years. Other emissions occur in our operating facilities, where we have the most direct influence, and in logistics and the materials used.

Our approach

Burckhardt Compression endeavors to reduce the company's carbon footprint and optimize emissions during the use phase of the compressors. We focus on three key areas:

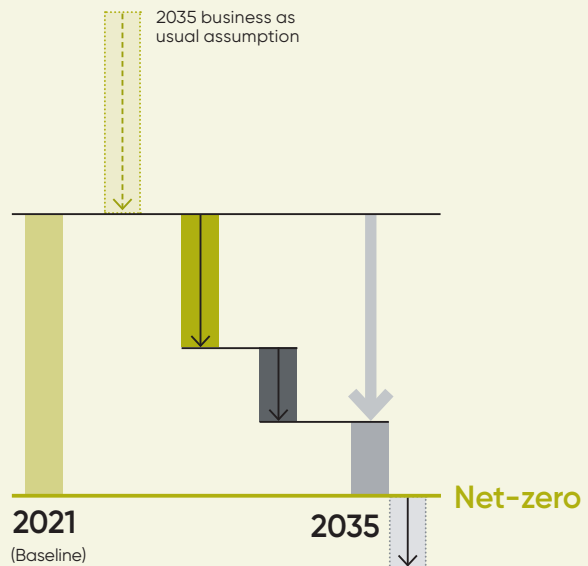
- Reduction of the company's carbon footprint
- Optimization of the impact of our inbound and outbound logistics
- Improvement of the carbon footprint of compressors

Reduction of greenhouse gas emissions during the use phase of our compressor systems is an integral part of our product and innovation management. With our services, we help our customers reduce emissions from installed compressors.

Burckhardt Compression commits to net-zero emissions in its operations by 2035

We follow a 1.5°C climate aspiration in reference to the Paris Climate Agreement for our Scope 1 and 2 emissions. In addition, we are committed to also reduce our Scope 3 emissions. Our roadmap to operational net-zero emissions is built on four key pillars:

- Decoupling business growth from emission growth through avoidance and savings programs
- Conversion to renewable electricity (by 2027: 75% renewable electricity without foundry)
- Reduction of Scope 1 emissions until 2035 through savings and replacement
- Counterbalance any remaining emissions through carbon removal



*Excluding the Shenyang foundry where we rely on renewable grid electricity or technological developments to achieve our ambitions.

Our climate policy is the basis for all our activities related to climate change and part of our wider environmental policy. Our environmental management system, certified in accordance with ISO 14001, is a key instrument in reducing our environmental footprint. Each subsidiary takes responsibility for reducing its own greenhouse gas emissions according to the global targets.

We have embedded our target of reducing our greenhouse gas emission intensity by 50%* (2021: 2.1 kg CO₂e/h) as part of top management's long-term incentives.

Progress in fiscal year 2022

We focused on the analysis of our mid- and long-term reduction potential for direct (Scope 1) and energy-related indirect (Scope 2). This enabled us to set our ambitious 2027 target for the Mid-Range Plan and develop a roadmap for net-zero emission. In addition, we were able to successfully map the data collection for Scope 1 and Scope 2 emissions onto a new software platform.

On an operational level, we continued with various projects addressing our emissions. The measures implemented locally focused mainly on electricity consumption and renewable electricity. Burckhardt Compression Spain, for example, installed solar panels on their roof which cover around 40% of their energy use. We are also pursuing similar initiatives in other locations like Switzerland, China, and South Korea.

Greenhouse gas emissions of various compressors over the entire life cycle

in %

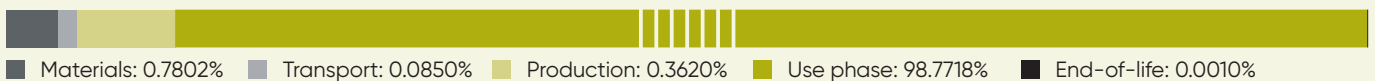
Process Gas Compressor 2B1Y

life cycle 20 years



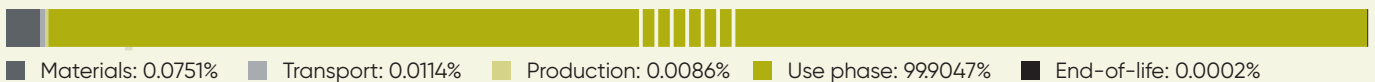
Diaphragm Compressor MD10

life cycle 20 years



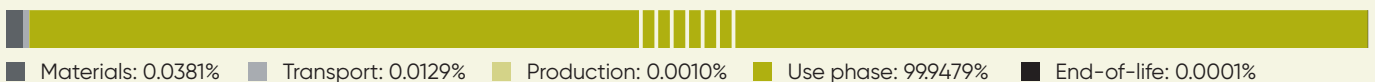
Laby®-GI Compressor 5LP250V

life cycle 30 years



Hyper Compressor K8

life cycle 30 years



The vast majority of emissions over the entire life cycle of a compressors are caused in the use phase due to the high power range of our compressors, their long lifetime and their uninterrupted operation.

* Excluding the Shenyang foundry where we rely on renewable grid electricity or technological developments to achieve our ambitions.

We started a screening and approximate calculation of our Scope 3 emissions. We expect to publish this data in fiscal year 2023. The majority of our Scope 3 emissions is in the use phase of the compressor. The key factor is the electricity source used by our customers to power the electric motor which is driving the compressor.

Inbound and outbound logistics are less significant than the use phase, but we have a direct influence. We therefore analyzed our logistics more closely to identify improvement potentials.

Greenhouse gas emissions also play a vital role in our continued product development and collaboration with our customers. We see high potential for avoidance of gas leakage, particularly where greenhouse gases are compressed. We therefore continued our efforts in research and development projects for comprehensive emissions management of existing compressors.

In addition, we have invested further in digitalization and are one of the pioneers in our industry. Solutions such as UP! Solutions Remote Support contribute to a reduction of greenhouse gas emissions through reduced travel by service technicians.

Our performance

The absolute greenhouse gas emissions for Scope 1 and Scope 2 amount to 20'070 metric tons of CO₂ equivalents (CO₂e). Scope 1 and Scope 2 emissions have increased due to a continuous strong growth, especially in China where renewable energy options are limited. The greenhouse gas emission intensity by working hours rose from 3.3 to 3.4 (2.1 to 2.3 without foundry) but the greenhouse gas emission intensity in tons of CO₂e per million sales decreased from 26.8 to 24.2. The results correspond with our expectation and planning for the 2027 sustainability target to reduce the greenhouse gas emission intensity by 50%* (2021: 2.1).

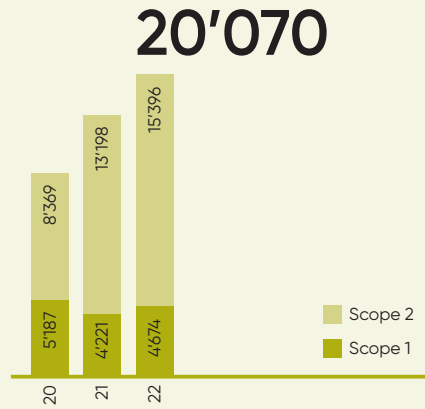
Business travel forms only a small part of Burckhardt Compression's other indirect greenhouse gas emissions (Scope 3) but can be directly influenced. Compared with the previous year, the number of business trips has increased but remains below the pre-pandemic level of 2019 (3'429 tCO₂e). By strengthening our digital infrastructure, we intend to reduce travel frequency in the medium term.

Outlook for fiscal year 2023

In the coming year, we are launching a global Mid-Range Plan initiative to reduce our greenhouse gas emissions as a key to reaching our 2027 sustainability target. We also expect to be able to implement further solar panel projects next fiscal year. We continue to support our customers in reducing their emissions and are working to further develop special service offerings.

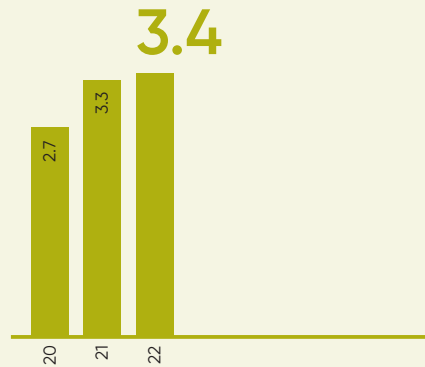
Greenhouse gas emissions

in tons of CO₂e (per calendar year)



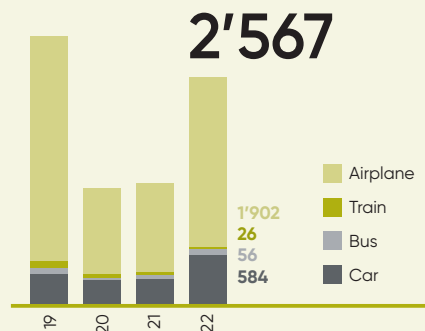
Greenhouse gas emissions intensity Scope 1 and 2

in kg of CO₂e per working hour (per calendar year)



Greenhouse gas emissions business travel

in tons of CO₂e (per calendar year)



* Excluding the Shenyang foundry where we rely on renewable grid electricity or technological developments to achieve our ambitions.

2. Energy use and efficiency



Topic lead: Vice President Compressor Engineering & Manufacturing

Target: Increase the share of renewable electricity to 75%.* (2021: 23%)

The development of society depends on the conversion, use, storage, and transmission of power. Reliable and affordable access to power is a basic need. However, the extensive demand for energy is also tied to significant environmental impacts.

Burckhardt Compression's business activities have a significant impact on energy consumption, especially in production, raw material supply and the electricity consumption of our compressors in the use phase. Through energy-saving production processes, compressor design and services we can contribute to the Sustainable Development Goal 7: Affordable and clean energy.

Our activities require energy in the manufacturing process, but by far the largest impact of our activities is in the use phase of our products.

Our approach

Burckhardt Compression endeavors to reduce energy demand and promote renewable energies. The focus is on:

- Energy use, energy efficiency, and energy quality, including renewable energy in our operations.
- Use and efficiency of energy in the operation of our products at customers' sites throughout the use phase.

Our environmental policy and ISO 14001-certified environmental management system form the basis of our activities related to energy consumption in our value chain. Each subsidiary takes responsibility for reducing its energy consumption and increasing the share of renewable electricity according to our global target.

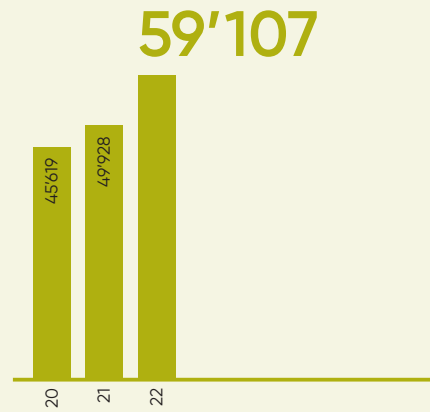
Our Winterthur site, for example, is in the process of implementing a multi-year project to save energy in production operations and offices. As another example, the factory in Pune has won the GreenCo Star Performer Award (Gold Rating) several times. GreenCo is an initiative created by the Confederation of Indian Industry (CII). GreenCo's rating system takes a holistic approach to measurement of the results of corporate environmental initiatives.

The energy consumption of our compressor systems forms an integral part of our product and innovation management. Through our comprehensive services, we improve the energy requirements of our own and third-party compressor systems throughout their entire life cycle.

*Excluding the Shenyang foundry where we rely on renewable grid electricity or technological developments to achieve our ambitions.

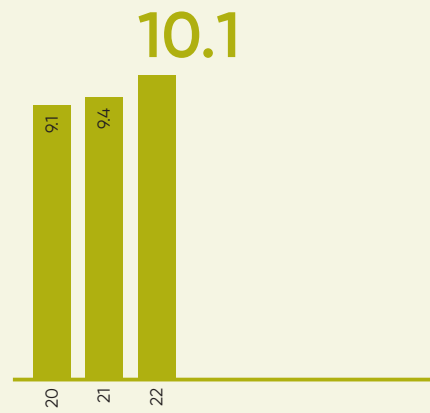
Energy consumption

in MWh (per calendar year)



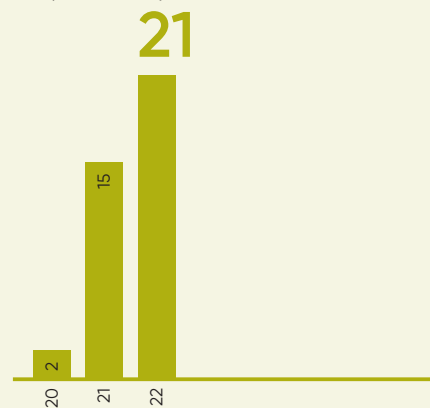
Energy intensity

in kWh/working hours (per calendar year)



Share of renewable electricity

in % (per calendar year)



Progress in fiscal year 2022

In the reporting period, Burckhardt Compression continued its measures to reduce energy consumption at different sites. Our main production site in Winterthur, for example, was able to reduce the energy consumption for electricity and heating by around 4% despite the significantly higher capacity utilization. Burckhardt Compression India achieved an energy reduction of 153 MWh in the factory through various efficiency projects.

We have planned for the expansion of renewable electricity production at our facilities, following our new Mid-Range Plan target of 75%* renewable electricity by 2027. Our subsidiary in Spain has already been able to install new solar panels on their roof, producing up to 40% of their electricity by solar energy. We also pursue corresponding initiatives in other locations like in Burckhardt Compression Switzerland, where we have initiated a project to install solar panels on the buildings.

We made significant progress in defining measures and a methodology to track and compare the energy consumption rates of our compressor portfolio. This will allow us to better evaluate and benchmark the engineered-to-order compressor projects and drive measurable performance improvements in energy efficiency.

Our performance

The absolute energy consumption increased to 59'107 MWh as we went through major business growth. Subsequently, the energy intensity also increased from 9.4 to 10.1, partly because we were stronger in output than in working hours. We were able to increase the Group-wide proportion of renewable electricity from 15% to 21%. The performance is in line with our expectations and planning for reaching our sustainability targets 2027.

With product improvements and services, we managed to reduce our customers' energy consumption in the reporting period. To date, we have evaluated few projects in terms of energy savings because access to data is challenging. We have identified this as an improvement area for our management approach.

Second generation Multistage Clearance Adjustment enables energy savings up to 30%

The second generation of our Pneumatic Multistage Clearance Adjustment System developed by our subsidiary Shenyang Yuanda Compressor builds on the successes of the first generation. The system has been installed in China successfully nine times in fiscal year 2022 (22 times since the launch in 2019), leading to an electricity saving of 34.5 MWh (based on 8'000 operating hours per year). A single installation can save up to 30% of the compressors' energy consumption during part-load operation. Since the initial launch of the first generation, a cumulative electricity saving of around 958 MWh was enabled. This is equivalent to the annual electricity consumption of over 250 average Swiss households.

*Excluding the Shenyang foundry where we rely on renewable grid electricity or technological developments to achieve our ambitions.

Energy savings of 320 MWh per year achieved with minimal modifications

A customer of Burckhardt Compression India operated a compressor with reduced capacity due to low customer demand. The bypass system resulted in a high power loss of about 50 kW. Burckhardt Compression India offered a solution to reduce the volume flow to the customer's requirements with minimal modifications. With this solution, we achieved a power saving of 40 kW. On a standard yearly runtime of a compressor, this amounts to 320 MWh a year which is around a third of the entire electricity consumption of Burckhardt Compression India including the factory.

Outlook for fiscal year 2023

In the fiscal year 2023, we will continue our roadmap to increase the share of renewable electricity across the Group. Specific projects are under evaluation or implementation in Switzerland, Korea, and China. Local energy-saving measures at operational level will be an ongoing activity. We also plan to undertake further efforts to better quantify our energy savings with our customers and increase our impacts with such services.

3. Longevity and cyclability



Topic lead: President Services Division

Target: Increase the revamp and upgrade sales of Services Division by 100%. (2021: 100 – Index)

A large number of natural resources are finite, and raw material extraction is associated with significant environmental and social consequences. It is thus essential to keep raw materials for longer in the use phase and to close loops to use materials circularly.

Our compressor systems are built for a defined lifetime of more than 25 years and the average lifetime is 30 to 50 years. Our oldest known compressor still in service is 93 years old. Our compressors are made of more than 95% iron and steel, which ensures a long service life and makes them highly recyclable.

In the manufacture and servicing of compressors, we have a significant scope to contribute to a circular economy and support Sustainable Development Goal 12: Responsible consumption and production.

Significant impacts result from the raw materials used for our compressors, the replacement of components during the use phase and the use of operating materials such as lubricant.

Our approach

Burckhardt Compression fosters long life cycles and the circularity of materials for own compressors and those from other manufacturers by focusing on:

- Longevity of new products through technology, engineering, easy maintenance, and optimized wear parts
- Longer life cycles of existing compressor systems through retrofitting, overhauling, and longer maintenance intervals
- Repairing of components and compressors
- Use of recycled materials, in compliance with material requirements and standards
- Recyclability of our products

To foster longevity, we use our in-depth technical knowledge to develop reliable, long-lasting, and high-performance compressor solutions. Our innovations such as Persisto® materials and Redura® sealing systems ensure a long-lasting operation. We offer a full range of reliable services and durable compressor components developed in-house to achieve our long product lifetime of 30 to 50 years.

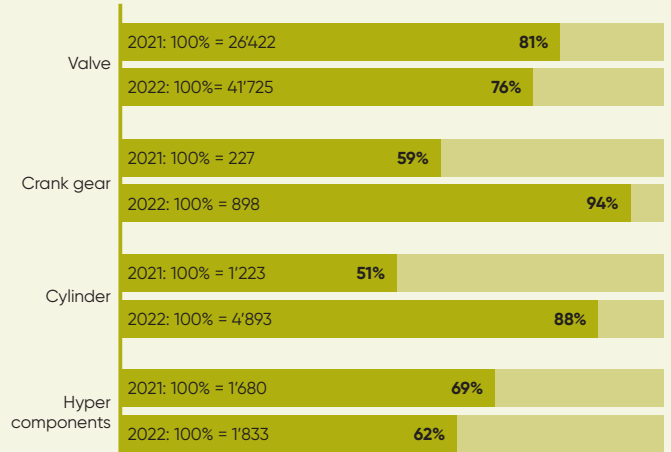
By reconditioning equipment, we support the short recycling loop with a comprehensive range of revamp and upgrade services, as well as our refurbish programs for entire compressor systems. We also repair and refurbish compressor components such as valves using our global network of service centers.

Complete overhaul of a hyper compressor for the next life cycle

Burckhardt Compression was commissioned to conduct a complete overhaul of a hyper compressor from another brand. The compressor was no longer fit for purpose in its unreliable condition. Through the total overhaul, including an upgrade of key components and a repair of the foundation, the compressor could be granted a second life, thereby avoiding the need to produce a new compressor. In the process, the closed-loop concept was also applied in small details. The old piston rods were used, for example, to make the new stud bolts for the bearing covers.

Proportion of reused or refurbished components in service work in 2021/2022 for selected key components.

in %



100% = Total components recycled or newly manufactured by Burckhardt Compression for service activities.

Progress in fiscal year 2022

We have anchored the topic of longevity and cyclability in our business development for new machines and services as part of the new Mid-Range Plan. Our long-term approach in services business represents a paradigm shift in compressor maintenance: moving away from standardized replacement plans based on the operating cycle to predictive maintenance based on the actual condition of the compressor.

We were able to successfully implement various revamp and upgrade services for our customers. Projects went from smaller parts upgrades to full-scale and highly complex overhauls, where we transformed compressors for a second life. In one case, we addressed our customer's need with a second-hand compressor from our inventory. We maintain a stock of compressors which we bought back at the end of their service life in good condition.

We are particularly proud of the successful retrofit of several Laby®-GI compressors to dry-running systems without cylinder lubrication. Oil-free compression of the gas renders oil separation and filtration of the gas superfluous and saves up to 1'200 liters of lubricant per year and per compressor.

Our performance

Our target for 2027 is to double our revamp activities compared to the base year 2021 (=100). In fiscal year 2022, we could increase sales to 159 compared with the base year, with some exceptionally large projects included.

Repair instead of replacement is a key component in the circular economy. We contribute to it through our services; for example, the share of refurbished components for valves is 76% in all service interventions.

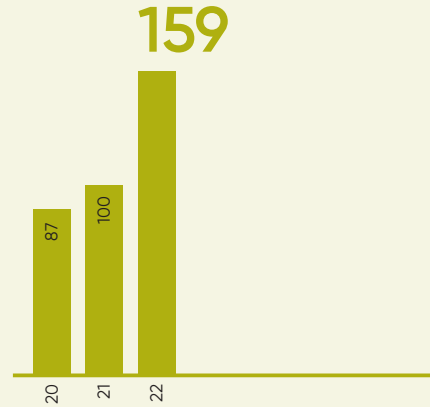
Outlook for fiscal year 2023

We will continue our condition-based maintenance initiative in the current fiscal year 2023. This undertaking will continue until 2025 and, along with our digital offering, will be one of the main themes in the Services Division.

Another focus will be to enhance our service activities with an emphasis on revamping, upgrading, and reprocessing compressor systems to extend their service life.

Sales volume for revamp and upgrade services

in index points, base year 2021 = 100



A circular compression solution for a Brazilian recycling pioneer

Lwart Environmental Solutions offers a sophisticated waste management service based on the concept of circular economy. The company collects, allocates, and transforms finite natural resources to bring them back to the cycle. They needed a quick and a cost-efficient compression solution to keep their processes running. Burckhardt Compression was able to provide already built but unused compressors which were available in the 'second-hand' inventory. The technically sound solution met the required operational conditions without the need to build a new compressor.

Operating hours in comparison

LABY® Compressor 3K160



Weight:

9 t

Operating hours:

8'000 per year

Passenger car



Weight:

1.5 t

Operating hours:

5'000 total*

* Assumption: 300'000 km with Ø 60 km/h

When our specialists carry out the first service, an average passenger car has already been replaced a long time ago.

4. Environmental impacts of application purpose



Topic lead: Vice President Sales Systems Division

Target: Order intake of 40% in applications supporting the energy transition. (2021: 16%)

Our core competence is mastering gas compression technologies for a wide range of gases and applications. Gas plays a crucial role in the process industries and energy supply, with applications ranging from conventional energy supply to industrial gases to renewable energy systems. A significant part of the indirect environmental impact of our business activities is linked to the application purpose.

We have the potential to contribute to three of our strategic Sustainable Development Goals (7, 12 and 13). The main impacts of this topic are related to the use phase of our products and services.

Our Approach

Burckhardt Compression is committed to the long-term alignment of its business activities with a sustainable economic system. We identified four positive impact areas:

- Climate change mitigation
- Energy transition
- Circular economy
- Environmental pollution prevention

We have developed a sustainability screening approach to analyze our business activities from an environmental impact perspective. This classification system makes use of international standards such as the EU taxonomy for sustainable activities or South Korea's K-Taxonomy, without claiming to fulfil all their technical requirements. The main purpose of our screening system is to serve as a compass for the development of our business activities towards a sustainable energy future.

Largest compressor package for Burckhardt Compression India to date

Burckhardt Compression India has successfully delivered a 38-ton compressor package on a single skid including motor, consoles, and air coolers. The package is used for a hydrogen installation in Europe and is yet another successful step in our booming segment of hydrogen mobility and energy.

24 Standard High Pressure (SHP) Compressors for Biogas

Burckhardt Compression India has been awarded several contracts with 24 Standard High Pressure (SHP) Compressors for compressed biogas. The compressed biogas market in India is growing fast due to the subsidy announced by the Indian government. Burckhardt Compression India is a market leader in this application in India.

We are expanding the range of application for our customers and supporting the transition to a sustainable economy through our continuous innovation in compressor systems, materials, components, and services. Our approach is mainly driven by our innovation, product management and sales processes. We invest in R&D for key applications of the energy transition. The current focus lies on:

- Solar energy value chain, where our compressors are key equipment for the production of a thin ethylene-vinyl acetate (EVA) film on top of a solar panel and for the polysilicon production of the core.
- Liquefied Natural Gas (LNG) as a short- and medium-term bridge energy for replacing coal, ensuring energy security during the transition or as a fuel for marine applications, replacing carbon-intensive heavy fuel oil until zero-emission solutions are available.
- Hydrogen as an important component of a sustainable energy future, in which our compressors play a key role in meeting the specific technical challenges of these new applications. The technological advantages of reciprocating compressors for this application are unrivaled efficiency and long service lives.

Progress in fiscal year 2022

We have continued to expand our activities that contribute to a sustainable economy. We were able to achieve strong growth in hydrogen mobility and energy and to help the industry solve specific compressor-related technical challenges. This is not least due to our increased R&D and the strengthening of our business development resources for these markets.

The fiscal year 2022 marked yet another significant increase of projects for the solar industry. We reached a new record order intake for EVA and polysilicon applications.

In addition to our focus areas of LNG, solar industry, and hydrogen, we were able to win further projects in the areas of green ammonia and biodiesel.

The development of the new test facility at Burckhardt Compression in Winterthur, Switzerland is progressing as planned and is expected to go live in fiscal year 2023. The facility is part of our partnership with Shell Renewables and Energy Solutions for the development of heavy-duty hydrogen refueling stations.

Our Performance

We extended the application of our sustainability screening approach to the entire Systems Division, representing 72% of the total order intake:

- We classified around 17% (2021: 8%) of the total order intake as new energy applications. Examples are green hydrogen projects in hydrogen mobility and energy or projects for the solar panel industry.
- Around 23% (2021: 8%) of the total order intake is classified as being transitional with environmental advantages but not yet fully sustainable. Examples are, biogas applications in refinery, dual-fuel LNG applications in gas transport & storage, and grey hydrogen projects in hydrogen mobility and energy.
- Around 32% (2021: 35%) of total order intake is classified as conventional applications. Examples are conventional industrial gas or petrochemical applications without a clear link to a sustainability use case.
- 28% (2021: 49%) of the total order intake has not yet been classified.

We had an exceptionally high order intake in fiscal year 2022 for projects supporting the energy transition. We expect a return to the previous reference range over the next two years. However, this year's success shows that we are on track to achieve 40% of our order intake supporting the energy transition in the long term.

Outlook for fiscal year 2023

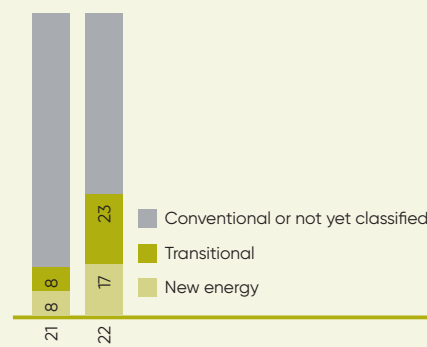
In the coming fiscal year, we will continue our development of innovative non-lube, high-pressure and high-flow hydrogen compressor systems to meet the specific technical challenges along the hydrogen value chain. We will also evaluate the extension of our screening approach to the Services Division.

Compressor for another green hydrogen production plant in Switzerland

A major energy provider in Switzerland has started construction for a green hydrogen production plant, where a 2.5 MW Electrolyzer is fed with hydroelectric power. The hydrogen production capacity of this plant will reach up to 350 tons per year, which is equivalent to 1.5 million liters of diesel fuel. The hydrogen fuel will be delivered from the production site to the fuel stations directly.

Sustainability classification of order intake

in %



Overhaul of four non-Burckhardt Compressors for green steel production

One of Europe's most significant steelmaking companies needed quick help to revive four non-Burckhardt compressors that had not been used in 10 years. The company turned one of its plants into a sustainable steelmaking plant. Burckhardt Compression successfully supported the customer on its sustainability journey and provided a customized solution responding exactly to the customer's needs.

5. Working conditions



Topic lead: Chief Human Resources Officer

Target: Maintain an employee engagement score of $\geq 80\%$ (2020: 79%)

Jobs with decent working conditions are a basic premise for the development of individuals and society. They drive prosperity and provide a livelihood for people. Our employees are central to our success, and we are proud of our global and diverse workforce in our global production sites and service centers.

With our engagement in providing good working conditions, we contribute to the targets of Sustainable Development Goal 8: Decent work and economic growth. Our most direct impact concerns the working conditions of our more than 2'900 employees (FTE). Further impacts are along our supply chain, also with regard to human rights. We recognize our responsibility to exercise due diligence in collaboration with our business partners.

Our approach

Burckhardt Compression is committed to upholding fundamental international labor standards and strives to provide conditions that exceed the local industry average overall. To achieve this, we focus on three areas:

- Dialog and relations
- Terms and compensation
- Organizational culture

The impacts on employees of suppliers, contractors, and outsourced activities are managed mainly through our supply chain due diligence approach.

Dialog and relations:

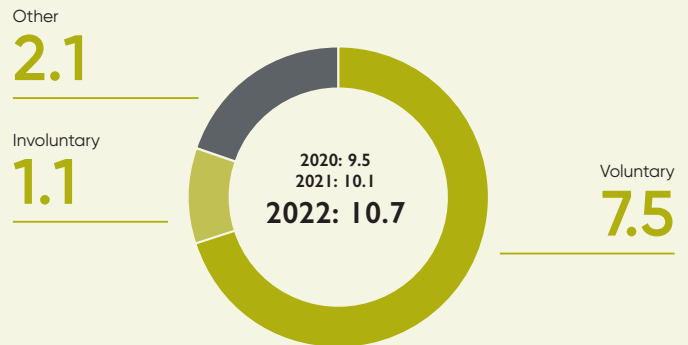
We acknowledge and support freedom of association as set out in our Code of Conduct. Open dialog with employees is a priority for Burckhardt Compression and is fostered in various ways. In addition to employee surveys and a continuous exchange with line managers, employees are informed online several times a year personally by members of the Executive Management about the state of the business and other matters, whereby questions are answered. Our online platform and mobile application "BC Connect" is an exchange platform accessible to all employees and allows them to receive, comment on, and write messages. Other dialog tools are used at local level in the form of collective bargaining and employee representation. 63% of Burckhardt Compression's employees worldwide are covered by a collective agreement.

Among the most attractive employers in Switzerland

Burckhardt Compression ranks as one of the most attractive Swiss employers in the mechanical and plant engineering sector 2023. This ranking is based on an independent survey of employees, and was carried out by data analyst Statista via an online access panel, combined with input from the readers of Handelszeitung and Le Temps. More than 1'500 employers with 200 or more employees in Switzerland were identified for the survey. Burckhardt Compression was placed an excellent 10th in its sector and a good 123rd rank over all sectors which means a top 9% ranking.

Employee turnover ratio

in % of yearly average of full-time equivalent



Terms and compensation:

Burckhardt Compression offers attractive terms and conditions of employment adapted to prevailing requirements on an ongoing basis. We benchmark our salaries against external salary surveys conducted by Willis Towers Watson and have an ongoing monitoring system in place to eliminate significant salary differences between equivalent positions. We have greatly expanded our flexibility in terms of staff working from home and have enhanced our infrastructure to enable our employees to work comfortably from a variety of locations.

Organizational culture:

We believe that our well-established corporate culture forms the foundation of our competitiveness. A comprehensive program called "Values and Behaviors" ensures that employees in all Group locations and companies share and actively uphold the same corporate values and principles. The internal Code of Conduct is designed to set fundamental standards and principles for how employees should interact and behave with partners, stakeholders, and the environment. A global Speak Up channel operated by a third party is available to report violations of our standards, values, and behavioral guidelines.

Progress in fiscal year 2022

In the previous reporting period, we conducted our biennial worldwide employee survey with a high voluntary participation rate of 90%, which reflects the remarkable level of engagement of our staff. In this reporting period, we systematically analyzed the results to drive measures designed to improve the engagement of our employees even more.

These measures consider the specific local needs of the employees in the individual subsidiaries. For example, numerous measures were implemented at our production site in Shenyang based on the survey results. These include 21 new tea rooms, a football and basketball court, a new laundry room, sports training, and annual health checks.

We also launched a global award program for the recognition of exceptional team performance. This program rewards teams that have particularly excelled and contributed to the success of the company through their performance.

Our performance

The employee turnover rate increased slightly to 10.7% in the reporting period. This figure includes all departures, including fixed-term employment contracts that came to an end. Of this, 7.5 percentage points are accounted for by voluntary departures. High levels of employee loyalty and identification with the company are also confirmed by the fact that the typical employee has been with the company for 8 years.

We conduct our employee survey every two years. Therefore, there are no updated results this year compared to the last report. The average score for the statement "All in all, I am satisfied with my current work situation" is 77 out of a possible 100 points. For the statement "I would recommend Burckhardt Compression as a good place to work", our rating is at 84 points.

Burckhardt Compression conducts an annual appraisal and performance review with its employee which includes personal development goals and suggestions for continuous improvement. 86% of employees completed the performance appraisal cycle in the reporting period.

Outlook for fiscal year 2023

In the coming fiscal year, we will refresh our employee survey. The findings will be our benchmark to drive measures locally in order to address the specific needs of our employees in the different regions.

Equal pay for equal work

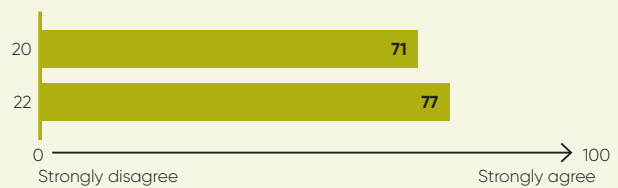
Burckhardt Compression conducted a 2020 wage equality analysis between men and women for its main production site and headquarters in Winterthur. The Swiss legal requirements demand a maximum discrepancy between men and women of -5%. Burckhardt Compression is significantly below these requirements with -1.8%. The results were verified by an independent auditing organization. Equal pay for equal work is an important principle for us and we continue working to ensure this.

Rating from employee survey

January 2020 and January 2022

Average points scored for the statement:

"All in all, I am satisfied with my current work situation"



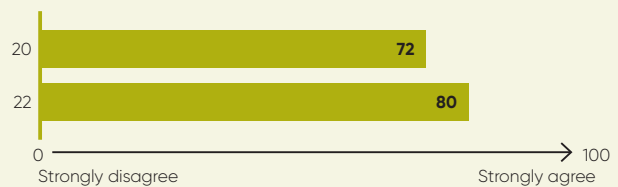
Average points scored for the statement:

"I would recommend Burckhardt Compression to others as a good place to work"



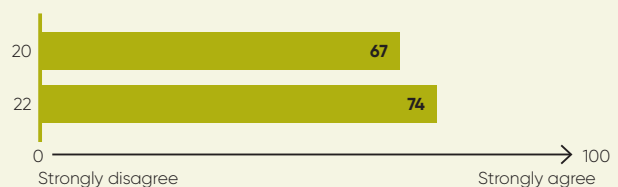
Average points scored for the statement:

"The top management provides information to employees in a way they can understand"



Average points scored for the statement:

"My work generally provides me with sufficient opportunities to balance my work life and my private life"



Average points scored for the statement:

"In our company employees are treated with respect, no matter what job they perform"



6. Occupational health and safety



Topic lead: Vice President Quality & Infrastructure
 Target: Keep the Lost Time Injury Rate (LTIR) below 0.7 every year (2021: 1.1)

The protection of physical integrity and the promotion of mental well-being are top priorities for us. By providing a safe working environment and promoting health, we can help achieve Sustainable Development Goal 3: Good health and well-being, and also Sustainable Development Goal 8: Decent work and economic growth. Our influence in this area extends to our own employees, to external employees in our workplaces, and to working conditions in supply chain companies.

Our approach

We are committed to the prevention of accidents and work-related illnesses and to the promotion of the mental well-being of employees and workers whose work or workplace is under the control of Burckhardt Compression. We focus our approach on two components:

- Occupational health and safety system and prevention culture
- Mental health and well-being

The impact on employee health and safety in our supply chain is controlled through the responsible procurement approach.

Our occupational safety policy and management system certified in line with ISO 45001 form the basis that governs all activities relating to health and safety in the workplace. Numerous measures ranging from detailed risk assessments, safety walks accompanied by management to workplace safety training, and mandatory wearing of protective footwear, protective eyewear, and other work-relevant protective equipment demonstrate their effectiveness through steadily falling risk exposure. Creation of a culture of prevention through raising awareness and involving employee representatives in the safety committee at each site is an important part of our approach.

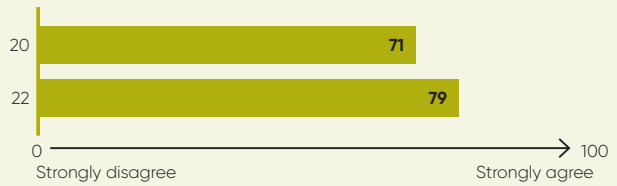
We have several local programs to support the mental health and well-being of our employees. These include developing knowledge on topics such as stress management, sleep, and nutrition as well as promoting and encouraging sports activities.

Rating from employee survey

January 2020 and January 2022

Points scored for the statement:

"My workplace is designed to prevent any harm to my health"



Progress in fiscal year 2022

We were able to successfully conduct our external audits at Group level in accordance with the ISO 45001 standard. We systematically incorporated the findings of the local certification bodies. We launched a safety awareness campaign in all manufacturing sites including illustrative flyers. We have also evaluated a dedicated software to improve the management of precarious situations and near misses, which will be rolled out in fiscal year 2023.

Further, we implemented a stringent safety management system for work done on customer sites under the overall supervision of Burckhardt Compression. We have incorporated the findings and feedback from the health and safety section of the bi-annual employee survey.

Our performance

The Lost Time Injury Rate (LTIR) has decreased from 1.1 to 0.6. This marks a clear improvement compared to last year and is within our target range for our sustainability targets 2027. Although the trend is encouraging, occupational health and safety remains a major challenge, particularly due to the increased workload in the factories and the associated new hires. During this reporting period, we recorded no fatal accidents and no case of work-related ill-health.

Outlook for fiscal year 2023

One focus will be to strengthen our safety culture, which we intend to achieve by enhancing the awareness campaign launched in 2022 and providing further information at local level. The expansion of our global health and safety organization will support this undertaking.

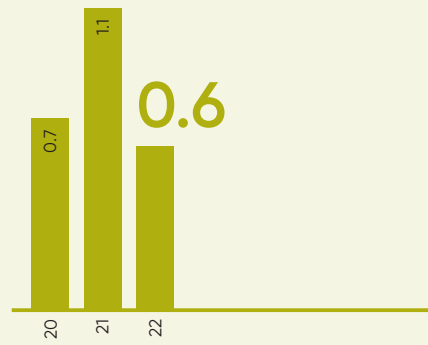
A second focus will be on internal coordination and integration within the Group. In fiscal year 2023, we will focus on the locations Shenyang and Shanghai in China, the US, and the Netherlands. The aim is to align local approaches and achieve continuous improvement through shared learning experiences.

Program to raise health and safety awareness

In fiscal year 2022, we launched a broad awareness-raising program on the topic of occupational safety in our major production and assembly sites. Using various media, including leaflets, videos, and on-site installations, we highlighted the most important sources of danger. In this fiscal year, we conducted a review of the campaign and received very positive feedback from our employees.

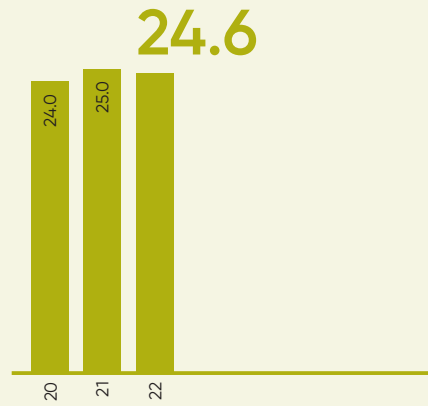
Lost Time Injury Rate (LTIR)

Per 200'000 hours worked (per calendar year)



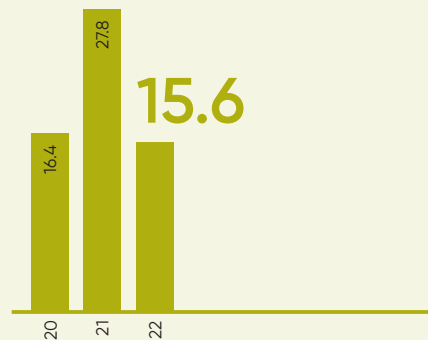
Severity Rate (SR)

Lost days/recordable incidents (per calendar year)



Lost Time Workday Rate (LTWR)

Per 200'000 hours worked (per calendar year)



7. Product safety



Topic lead: Vice President Contracting Systems Division

Target 2027: Maintain zero incidents every year related to product safety (2021: 0)

Compressors are critical equipment in various applications in the process industry and energy provision. System safety and reliability are the most important areas of expertise in our business due to the high pressures, continuous operation, integration in complex industrial processes, and the individual hazard potentials of the compressed gases. By ensuring product safety, we contribute to the Sustainable Development Goal 3: Good health and well-being. The main impacts are in the commissioning and operational phase and extend over the compressors' decades of life.

Successful launch of new engineering platform

In a period characterized by new product launches, organizational developments, business growth, and regionalization it is of the utmost importance to maintain the Burckhardt Compressions engineering standard. We launched a new engineering platform, providing pre-engineered modules, ranging from pre-configured elements up to whole projects designs. These pre-configurations and the platform itself define a technical framework that supports compliance with product safety requirements. New developments for hydrogen applications are already being integrated into this platform, which offers a uniform, globally valid standard.

Our approach

Burckhardt Compression assures safe operation of compressor systems in every phase of their life cycle. Our approach encompasses five main areas of risk mitigation:

- **International norms and standards**
Where available, we use and follow international standards for the development, production, commissioning, and maintenance of compressor systems. This includes the evaluation of safety risks and certification in accordance with mandatory laws and standards.
- **Simulation, calculation and testing**
Our comprehensive knowledge of calculation and simulation allows us to optimize the dimensioning of compressor systems. We also use specific testing and inspection procedures to ensure safety and functionality.
- **Outstanding processes**
Defined working principles, processes and our ISO 9001-certified quality management system ensure our processes meet the strict requirements.
- **Control systems and maintenance**
Our compressor systems are fitted with a minimum protection system that shuts down the system in the event of a critical disruption. Our PROGNOST[®]-SILver system for monitoring and diagnosing the condition of reciprocating compressors and our UP! Solutions for long uptime and maximum reliability are further key tools for increasing reliability and safety.
- **Documentation and training**
To ensure the smooth and safe operation of compressor systems, we produce a specific set of operating documents for each system and also offer a wide range of training modules available either online or at our training centers.

Progress in fiscal year 2022

We have successfully implemented an updated pre-order risk assessment and risk mitigation process, which is applied for all projects. Additionally, a new sales release matrix across all product lines serves as an advanced control and screening mechanism to comply with the different country standards and customer guidelines.

In the reporting year, we invested significantly in competence development throughout the organization. We strengthened the "career path for technical expertise" in contracting, conducted on-the-job training for new products lines, empowered our project engineering office, and set up a competence center for several engineering disciplines, allowing for global knowledge management.

In the area of control systems and instruments, we successfully implemented remote access devices for the first product lines in marine high-pressure applications. Additionally, we launched an engineering base software that allows the utilization of pre-engineered modules to ensure a high product and safety level for execution during ramp-up and beyond. The new engineering platform

also presents the data source for a “digital twin”, enabling us to simulate operating conditions to improve our design, product reliability and safety.

Our performance

As part of the approval process, 100% of the new product configurations have been through a risk and design assessment that includes product safety. No incidents related to the product safety of our compressors were registered over the reporting period. Similarly, no violations of regulations or voluntary codes took place in relation to product safety. In the reporting period, we registered one near miss for a new product application. The problem was identified before the compressor was handed over to the customer and rectifications have been implemented by Burckhardt Compression as part of the installation and commissioning process.

The number of new compressors fitted with a Burckhardt Compression control system was further increased. We firmly believe that our control solutions offer significant added value in terms of reliability, safety, and lifecycle management of our compressors.

Outlook for fiscal year 2023

Our focus for the coming period will be on the further strengthening of our organizational capacities for project execution and for new product launches. We also aim to utilize our new engineering platform for the majority of new projects globally. The applied concepts for product release, risk assessments, as well as knowledge, competence, and reliability management will be strengthened in collaboration with all internal and external stakeholders, including clients and suppliers.

8. Business conduct



Topic lead: General Counsel

Target 2027: Maintain zero incidents every year related to corruption or anti-competitive behavior (2021: 0)

Unethical business practices have the potential to damage the economy and society. They cause economic losses, promote social inequality, and undermine democratic processes. As a global business with a far-reaching network of business partners, we are committed to conducting our business ethically, legally, and in an environmentally and socially responsible manner, which is a precondition for all other material sustainability topics.

Our approach

Burckhardt Compression undertakes to carry out its business activities in an ethical, legal, and environmentally and socially responsible manner. We expect every business partner with which we have a business relationship to conduct itself in a similar manner. We assess every aspect of our business relationship and focus particularly on:

- No corruption
- Free competition
- Export compliance

Our Code of Conduct defines the fundamental standards and principles for employee interaction and behavior with partners, stakeholders, and the environment. With the Code of Conduct for business partners, our suppliers, local agents, and partners commit to conducting their business in an ethical, legal, and environmentally and socially responsible manner. Both have been reviewed and approved by the Board of Directors. All employees are required to explicitly acknowledge their understanding of the Code of Conduct on a regular basis. We train our employees in the fields of anti-corruption, compliance with free competition, and strict adherence to export controls.

Burckhardt Compression carries out regular internal audits of all its subsidiaries with a focus on financial, legal, and compliance topics. Every subsidiary is audited in a three-year cycle.

Our Speak Up reporting system is a complaints channel operated by an independent third party. It allows employees, business partners, and third parties that are or might be aware of suspected misconduct to register it in the reporting system. The system is designed to allow protection of the identity of the reporting party and for comments to be made anonymously. Burckhardt Compression

is committed to investigating all cases according to our Speak Up policy and to cooperating in the remediation of negative impacts caused or contributed to.

Progress in fiscal year 2022

We have updated and rolled out our “Values and Behaviors” which, together with our Code of Conduct, form the fundamental behavioral guidelines at Burckhardt Compression. The updated version clearly emphasizes the importance of “Responsibility” as one of the four pillars of our “Values and Behaviors”. We also continued with the roll-out of our Code of Conduct for our business partners, which has been signed by suppliers and business partners representing more than 80% of our purchasing volume.

To further raise awareness of compliance with the law in our focus areas of no corruption, free competition, and export compliance, we provide targeted modules for employees concerned. In the reporting period, a total of 372 employees who deal with these areas in their work have successfully completed such training modules.

Speak Up, which is now running for the second year, is actively used and accepted among employees and business partners. We comply diligently with the export control provisions and legal sanctions applicable concerning Russia’s war with Ukraine. We decided not to accept any new contracts from or with Russia as of mid-March 2022 and have maintained this policy ever since. We do not have any subsidiaries in either Russia or Ukraine.

Our performance

A total of five suspected cases of misconduct in violation with the Code of Conduct or law were recorded on the Speak Up reporting system: four by employees and one by external business partners. All the cases were processed and closed within the reporting period. The average processing time to the conclusion of the investigation was 45 days.

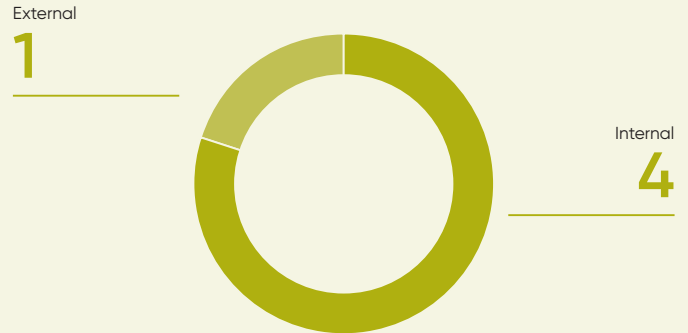
We conducted nine internal audits of subsidiaries following our audit cycle. All past identified risks have been mitigated and no significant new risks regarding corruption and anti-competitive behavior have been detected in this financial year.

No violations of competition law or instances of corruption connected to our business activities were identified during the reporting period, nor were any sanctions imposed for any other significant non-compliance with environmental, social, or any other legislation.

In the reporting period, two employees of Burckhardt Compression AG were accused of having exploited insider knowledge when they purchased shares for the company’s ordinary employee stock ownership program on behalf of the company in May 2020. Burckhardt Compression has cooperated fully with the law enforce-

5 Speak Up notifications, 2022

Notifications of potential misconduct



ment authorities in the investigation and is of the opinion that its employees acted correctly but leaves the legal assessment of the matter to the court.

Our existing processes and preliminary clarifications of export controls have proven their worth. 24 requests for clarification of export regulations were forwarded to the appropriate authorities during the reporting period. Of these, 22 cases were approved, and two were rejected by the authorities. One initially approved case has been reversed at a later stage whereupon we withdrew from the project. No violations of export controls were identified.

Outlook for fiscal year 2023

We are planning to further strengthen our training activities for business conduct. We are increasing the reach of our Code of Conduct for business partners, particularly in cooperation with our suppliers.

Our Commitment

Firmly anchored sustainability governance

The very top of our organization is committed to sustainability. Responsibilities are clearly defined at every level and closely linked to strategy. All sustainability-related activities are supervised by the Board of Directors. The Strategy and Sustainability Committee supports the CEO in developing corporate strategy and advises the Board of Directors on all matters relating to strategy and sustainability.

All members of the Executive Management are also members of the Executive Sustainability Team, which is responsible for the strategic approach at Group level and compliance with our sustainability roadmap.

Every material topic is led by a member of senior management. These managers form the Sustainability Steering Group together with the Managing Directors of the production and assembly sites, and the Regional Heads from the Services Division. The Sustainability Steering Group is responsible for implementing the sustainability roadmap and defining the topic-specific management approach.

Implementation is supported by designated experts in the field and key local individuals in the subsidiaries. They provide technical expertise and ensure on-site implementation.

A designated sustainability manager leads and moderates the sustainability-related activities at Group level and, as a technical expert, supports all functions and subsidiaries with implementation of the roadmap.

EcoVadis silver medal award

Burckhardt Compression was awarded the EcoVadis silver medal for sustainability management with its place in the top 25% in the sector. EcoVadis is one of the largest platforms for assessment of supplier sustainability and is used by many Burckhardt Compression customers. We also improved our score in major ESG ratings like MSCI, Sustainalytics, ISS ESG and S&P Global, which puts us in the top 10% – 50% of companies in our industry, depending on the rating agency.

Sustainability governance at Burckhardt Compression



A clear focus based on our materiality analysis

We use a materiality analysis to determine where our company's activities have the greatest impact on society, the environment, and the economy. For this purpose, we conducted an impact analysis, where we assessed actual and potential positive and negative impacts of our activities along the value chain. The aspects of scale, scope, and likelihood of impacts were considered as assessment categories with a precedence of scale and scope. In this process, we gathered the views and concerns of our key stakeholders – investors, customers, employees, and suppliers – online and in person. We updated the analysis in this reporting period to reflect the updated requirements of the GRI Standards. Impact is now the only determinant for materiality definition, and water has been included as an operational topic.

For each of the eight material topics, we have appointed a topic leader who, together with subject matter experts, develops our approach. Operational topics are important to us as well, but we do not pursue them with the same strategic approach as the material topics. They are integrated into the operational business activities at the departmental level. Other topics may be of greater relevance for a specific subsidiary, but not across the whole Group. We address these topics on a situation-specific basis.



Our employees are the key to our success

Together, we are successful and create sustainable value. Burckhardt Compression is thus engaged in the advancement of all employees and a diverse workforce. They are a vital factor in the implementation of our sustainability ambitions.

We appreciate our employees' expertise and promote knowledge sharing. Personal training and development are part of the annual appraisal and performance review process and are financially supported by the company. To ensure the ongoing development of technological expertise and personal and managerial skills within the company, employees around the world participate in internal technical, product, and leadership training modules, which are conducted across the Group throughout the year with a range of programs. In the fiscal year 2022, we provided on average 13.2 h of internal training per FTE and reached 84% of our employees with our offering.

We promote and support new talent at all levels and are committed to the Swiss system of apprentice training. The company currently has 49 apprentices in Switzerland and 22 in India in eight occupations. Burckhardt Compression is a founding member of the initiative launched under the auspices of the Swiss Federal Office for Professional Education and Technology and the Swiss-Indian Chamber of Commerce to establish an apprenticeship system in India based on the Swiss model; the company is also a corporate sponsor of the AZW Training Center in Winterthur for vocational career pathways.

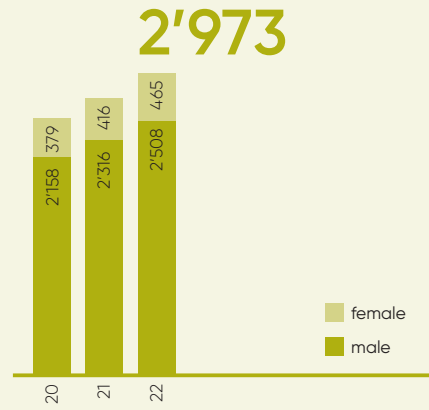
Burckhardt Compression fundamentally believes that mixed teams perform better. In the reporting period, women made up 33.3% of the Board of Directors and 20% of Executive Management. Of the global workforce, 15.6% (2021: 15.2%) is female.

Dialog with our stakeholders

The appropriate involvement of our various stakeholders is extremely important to Burckhardt Compression. We have identified four key stakeholders within our sustainability management: customers, employees, investors, and suppliers. We are engaged in more detailed discussions with them and actively involve them in identifying material topics. In addition, we also maintain an open dialog with other stakeholder groups, such as the local community, media, the scientific community, associations, civil society, and the state, as required.

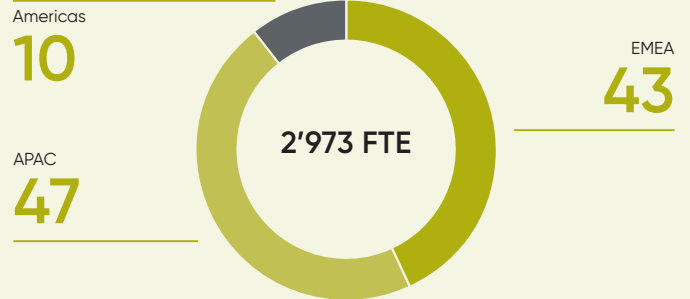
Global workforce by gender

Employees (FTE)



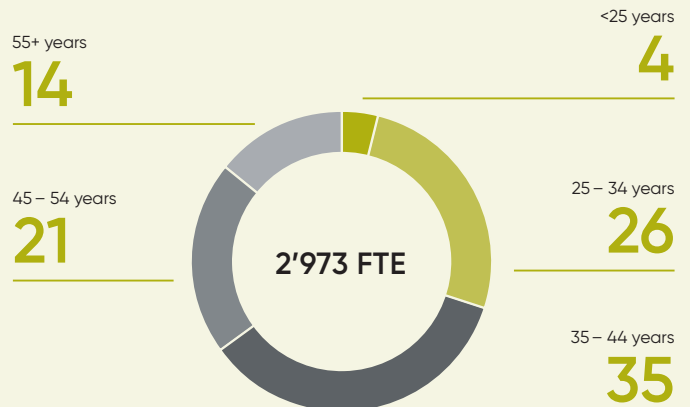
Global workforce by region, 2022

in %



Global workforce by age, 2022

in %



Customers

Burckhardt Compression seeks long-term customer relations. The longest-standing customer relationship dates back to 1885, when the company supplied BASF in Ludwigshafen with one of the first compressors ever built. Customer satisfaction is measured using various tools. The results are evaluated as part of the management process with the divisional management teams, and actions are initiated and implemented in accordance with the results. For example, customer surveys were carried out in the reporting period with a focus on the Services Division. Customer priorities in the field of sustainability were climate, energy, and occupational safety. All three topics are key elements of our approach to sustainability.

Investors

Burckhardt Compression maintains an open and transparent dialog with its investors and other interested parties. The aim of investor relations is to accurately portray the company and its markets to enable a fair valuation of Burckhardt Compression stock. Leading Swiss business newspaper "Finanz und Wirtschaft" gives Burckhardt Compression's investor relations and transparency an A- rating (A is the highest rating).

In recent years, the importance of ESG (Environment, Social, Governance) rating agencies have also increased significantly for our investors. Important sustainability priorities for our investors include climate change, business conduct, and energy consumption. All three are covered in the material topics.

Employees

Open dialog with employees is a central priority for Burckhardt Compression and is carried out in different ways. The most important dialog channels are described in this report in the material topic working conditions. The key priorities for employees are health and safety at work, working conditions, and training and development. We actively deal with the first two within our material topics. Training and development are a central pillar of our HR management.

Suppliers

We work closely with suppliers in the development phase, with the aim of long-term partnerships. Exchanges and performance reviews take place on a regular basis via on-site visits, virtual meetings, audits, or inspections. The central sustainability priorities for suppliers are occupational health and safety, energy consumption, and business conduct. All three topics are key elements of our approach to sustainability.

Communities and other stakeholders

We maintain an open relationship with the local community. We established distinct communication channels for inquiries and communicated these contact points on our website. We also support and promote local initiatives, for example in the areas of education and sports. We practice transparency in our exchange with the media and authorities and strive for timely and open communication.

Extended key figures

Environmental metrics¹

		2022	2021	2020
Energy				
Energy use	MWh	59'107	49'928	45'619
Electricity		30'658	27'779	18'915
Fuels and combustibles ²		18'585	16'608	18'569
District heating		9'864	5'541	8'135
Share of renewable electricity	%	21	15	2
Energy intensity	kWh /working hour	10.1	9.4	9.1
Greenhouse gas emissions				
Greenhouse gas emissions Scope 1 ³	tCO ₂ e	4'674	4'221	5'187
Combustibles		1'551	1'485	2'541
Fuels		2'914	2'508	2'421
Others		209	228	225
Greenhouse gas emissions Scope 2 ^{4,5}	tCO ₂ e	15'396	13'198	8'369
Electricity		13'712	12'252	6'980
District heating		1'684	946	1'389
Greenhouse gas emission intensity by working hours (Scope 1 and 2)	kgCO ₂ e /working hour	3.4	3.3	2.7
Greenhouse gas emission intensity by working hours without foundry (Scope 1 + 2)	kgCO ₂ e /working hour	2.3	2.1	1.9
Greenhouse gas emission intensity by sales volume (Scope 1 + 2)	tCO ₂ e / mCHF	24.2	26.8	20.6
Greenhouse gas emissions business travel (Scope 3)	tCO ₂ e	2'567	1'361	1'211
Water and waste				
Water ⁶	m ³	78'687	83'810	91'218
Waste ⁶	t	3'530	2'805	2'605

¹ With the exception of the figures for water consumption and waste, the data relate to all sites of the Burckhardt Compression Group. The data collection for environmental data is performed by calendar year. The denominators sales volume and working hours are collected per fiscal year. The greenhouse gas inventory was calculated according to the WRI/WBCSD Greenhouse Gas Protocol Standard. 'Operational control' was selected as the consolidation approach. Energy and greenhouse gas emissions data for 2020 and 2019 have been recalculated due to methodological adjustments, conversion factors and working hours calculation. The values are higher than in the previous report.

² From fossil sources.

³ Scope 1 includes all directly caused emissions (e.g. combustion of fuels, loss of refrigerants).

⁴ Scope 2 includes emissions caused with purchased energy (electricity, district heating).

⁵ Reported according to the market-based approach under the Greenhouse Gas Protocol Scope 2 standard. The location-based approach results in emissions of 15'801 tCO₂e in 2022 (2021: 13'653 tCO₂e, 2020: 8'574 tCO₂e).

⁶ Data refer to the production and assembly sites of the Burckhardt Compression Group, including headquarter (Switzerland, India, China, South Korea, United States).

Health and Safety¹

	2022	2021	2020
Health and Safety¹			
Lost Time Injury Rate (LTIR) ²	0.6	1.1	0.7
Severity Rate (IR) ³	24.6	25.0	24.0
Lost Time Workday Rate (LTWR) ⁴	15.6	27.8	16.4

- ¹ The data collection for occupational health and safety data is performed by calendar year.
² Rate per 200'000 working hours for number of recordable incidents with lost time > 1 working day.
³ Number of lost days/incidents subject to registration with loss > 1 working day.
⁴ Rate per 200'000 working hours for total of lost workdays.

Employee structure

	2022	2021	2020
Employee structure			
Number of employees FTE	2'973	2'732	2'538
Permanent	2'724	2'508	2'339
Male	2'320	2'145	2'000
Female	404	363	339
EMEA	1'264	1'152	1'037
APAC	1'155	1'066	1'014
Americas	305	290	288
Temporary	249	224	199
Male	188	171	158
Female	61	53	40
EMEA	19	16	13
APAC	229	207	185
Americas	1	1	1
Full-time	2'856	2'628	2'445
Male	2'442	2'256	2'103
Female	414	372	342
EMEA	1'167	1'065	959
APAC	1'384	1'273	1'199
Americas	305	290	287
Part-time	117	104	93
Male	66	60	56
Female	51	44	37
EMEA	116	103	91
APAC	0	0	0
Americas	1	1	2
Number of external workers	305	298	187
Number trainees & apprentices	178	153	91

Employee turnover

	2022		2021		2020	
	FTE	% yearly average	FTE	% yearly average	FTE	% yearly average
New employee hires (% of yearly average)	510	17.7%	451	17.1%	149	5.8%
	FTE	% end of year	FTE	% end of year	FTE	% end of year
New employee hires (% of end of year)	510	17.2%	451	16.5%	149	5.9%
Male	427	17.0%	382	16.5%	119	5.5%
Female	83	17.9%	69	16.6%	30	7.8%
<25 years	55	43.6%	45	50.2%	16	20.3%
25–34 years	210	26.9%	171	22.2%	54	6.9%
35–44 years	145	13.8%	121	13.7%	35	4.5%
45–54 years	63	10.3%	69	11.6%	27	4.9%
54+ years	37	9.2%	45	11.4%	17	4.8%
	FTE	% yearly average	FTE	% yearly average	Headcount ¹	% yearly average ¹
Employee turnover (% of yearly average)	308	10.7%	266	10.1%	249	9.5%
	FTE	% end of year	FTE	% end of year	Headcount ¹	% end of year
Employee turnover (% of end of year)	308	10.4%	266	9.7%	249	9.6%
Male	264	10.5%	230	9.9%	214	9.8%
Female	44	9.4%	36	8.7%	35	8.8%
<25 years	17	13.4%	17	19.1%	19	23.5%
25–34 years	100	12.8%	82	10.6%	77	9.8%
35–44 years	80	7.6%	87	9.9%	53	6.7%
45–54 years	43	7.0%	36	6.0%	39	6.9%
54+ years	68	16.9%	44	11.1%	61	16.7%

¹ Turnover data for 2020 is based on headcount.

GRI content index

Burckhardt Compression has reported in accordance with the GRI Standards for the period 1 April 2022 to 31 March 2023. GRI 1 Foundation 2021 has been used for compiling this report and there is no applicable GRI Sector Standard.

GRI standard	Disclosure	Reference	Further information and omissions
GRI 1: Foundation 2021			
GRI 2: General disclosures 2021			
The organization and its reporting practices			
GRI 2: General disclosures 2021	2-1 Organizational details	p. 102, pp. 124–125	a. Burckhardt Compression Holding AG
	2-2 Entities included in the organization's sustainability reporting	p. 100, pp. 124–125	iii. Consolidation approach applies to all disclosures.
	2-3 Reporting period, frequency, and contact point	–	a. Sustainability report: 04.01.2022 to 03.31.2023, yearly b. Annual report: 04.01.2022 to 03.31.2023 c. Publication: 06.06.2023 d. Contact: sustainability@burckhardtcompression.com
	2-4 Restatements of information	–	Energy consumption and intensity, and subsequently CO ₂ emissions and intensity, for 2019 and 2020 have been recalculated due to methodological adjustments of conversion factors and working hours calculation. The values are higher than stated in the previous report. Share of renewable electricity of 2020 has been recalculated due to methodological adjustments. The values are slightly higher than stated in the previous report. We adjusted the 2021 values for project sustainability screening due to more rigorous classification criteria.
	2-5 External assurance	–	This report was not externally verified.
Activities and workers			
GRI 2: General disclosures 2021	2-6 Activities, value chain, and other business relationships	p. 7, p. 40, p. 102, p. 104	
	2-7 Employees	p. 62	c. FTE at the end of the reporting period. d. Trainees & apprentices are not included since some of our apprentices have an external work contract with the AZW Training Center in Winterthur.
	2-8 Workers who are not employees	p. 62	a. i. Production employees, service technicians and engineers. a. ii. Engineering, project management, field services, compressor manufacturing and assembly. b. FTE at the end of the reporting period.

Governance			
GRI 2: General disclosures 2021	2-9 Governance structure and composition	pp. 73-79	
	2-10 Nomination and selection of the highest governance body	Bylaws Art. 15-16, pp. 73-79	b. i. Annual discussion with major shareholders and proxy advisors. b. ii.-iv. Disclosed, applying not publicly disclosed criteria.
	2-11 Chair of the highest governance body	pp. 74-76	
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 55, p. 57, pp. 76-79, Organization regulation 1.-4.	
	2-13 Delegation of responsibility for managing impacts	p. 57, pp. 76-79, Organization regulation 1.-5.	
	2-14 Role of the highest governance body in sustainability reporting	-	Board of Directors releases the Annual Report for the general assembly of shareholders.
	2-15 Conflicts of interest	p. 71, pp. 73-75	a. Annual written confirmation by all members of the highest governance body.
	2-16 Communication of critical concerns	pp. 55-56, Speak Up policy	
	2-17 Collective knowledge of the highest governance body	p. 77, Organization regulation 1.4.4.	Through ongoing communication and reporting.
	2-18 Evaluation of the performance of the highest governance body	p. 79	
	2-19 Remuneration policy	pp. 84-87	
	2-20 Process to determine remuneration	pp. 84-87	
	2-21 Annual total compensation ratio	-	This information is not available. We are evaluating the possibility of providing such information in the future.
Strategy, policies, and practices			
GRI 2: General disclosures 2021	2-22 Statement on sustainable development strategy	pp. 8-10	
	2-23 Policy commitments	pp. 39-41, pp. 55-56, Code of Conduct	
	2-24 Embedding policy commitments	pp. 55-56, Organization regulation 3.-4.	
	2-25 Process to remediate negative impacts	pp. 55-56, Speak Up policy	
	2-26 Mechanisms for seeking advice and raising concerns	pp. 55-56, Speak Up policy	
	2-27 Compliance with laws and Regulations	p. 56	

GRI standard	Disclosure	Reference	Further information and omissions
	2-28 Memberships associations	-	<ul style="list-style-type: none"> - AZW Winterthur, Board - CII Confederation of Indian Industry - EFRC - European Forum for Reciprocating Compressors - ICAAMC - Compressor Applications and Machinery Committee - Joint Chamber of Commerce Switzerland <ul style="list-style-type: none"> - CIS/Georgia - SWISSMEM - Schweizer Maschinen-, Elektro- und Metall-Industrie - Swiss Mechatronics - Swiss-American Chamber of Commerce - Swiss-Chinese Chamber of Commerce - Swiss-Indian Chamber of Commerce - Switzerland Global Enterprise
Stakeholder engagement			
GRI 2: General disclosures 2021	2-29 Approach to stakeholder engagement 2-30 Collective bargaining agreements	pp. 59-60 p. 50	b. Where usual and available we take existing bargaining agreements as a benchmark.
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics 3-2 List of material topics	p. 58 p. 58	
Greenhouse gas emissions and climate change			
GRI 3: Material Topics 2021 GRI 305: Emissions 2016	3-3 Management of material topics 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions 305-4 GHG emissions intensity	pp. 41-43 p. 43, p. 61 p. 43, p. 61 p. 43, p. 61 p. 43, p. 61	We are working on a full Scope 3 emission calculation. We expect to publish this data in fiscal year 2023.
Energy use and efficiency			
GRI 3: Material Topics 2021 GRI 302: Energy 2016	3-3 Management of material topics 302-1 Energy consumption within the organization 302-3 Energy intensity	pp. 44-45 p. 44, p. 61 p. 44, p. 61	
Own indicator	Share of renewable electricity	p. 44, p. 61	
Longevity and recyclability			
GRI 3: Material Topics 2021 Own indicators	3-3 Management of material topics Reused or refurbished components Sales of revamp and upgrade services	pp. 45-47 p. 46 p. 47	
Environmental impacts of application purpose			
GRI 3: Material Topics 2021 Own indicators	3-3 Management of material topics Sustainability classification of business activities	pp. 48-49 p. 49	
Working conditions			
GRI 3: Material Topics 2021 GRI 401: Employment 2016 Own indicators	3-3 Management of material topics 401-1 New employee hires and employee turnover Score satisfaction work situation Score workplace recommendation Score employee engagement	pp. 49-51 p. 50, p. 63 p. 51 p. 51 p. 51	The breakdown by region is not disclosed for business reasons.

Occupational health and safety

GRI 3: Material Topics 2021

GRI 403: Occupational Health and Safety 2018

3-3 Management of material topics

p. 52

403-1 Occupational health and safety management system

p. 52

b. All employees who are under the care and control of Burckhardt Compression (including external employees on our premises) are covered.

403-2 Hazard identification, risk assessment, and incident investigation

–

a. The EOHS team (Environment, Occupational Health, and Safety team), under the direction of the Quality Team and Safety Officer, is responsible for conducting risk assessments using risk graphs. The risk assessment will be used for training and awareness activities in the respective work area. Safety inspections are used for risk mitigation.

b. Notifications will be made using a dedicated EOHS notification form.

c. A work stoppage procedure is in place to stop work in the event of an unsafe situation.

d. There is a procedural policy for reporting near misses, incidents, investigations, non-conformities, and corrective and preventive actions.

403-3 Occupational health services

–

There is a company ambulance service at the site in Winterthur, which is operated in conjunction with surrounding companies.

403-4 Worker participation, consultation, and communication on occupational health and safety

–

A specific procedure for Consultation & Participation, Communication regulates the involvement of employees. Involvement takes place at all levels (steering committee, core team, execution teams).

403-5 Worker training on occupational health and safety

p. 52

In addition to mandatory training during induction, regular specific training is provided on work-related hazards, first aid, and emergency and evacuation.

403-6 Promotion of worker health

p. 52

Non-occupational services and offerings depend on country-specific implementation and may include the following:

- regular health check-ups
- access to medical facilities
- other preventive measures, for example as part of our Dr. BeWell program

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

pp. 40-41

This aspect is covered in our approach to supply chain due diligence.

403-8 Workers covered by an occupational health and safety management system

p. 52

i. 100% are covered by an occupational health and safety management system.
ii. 100% of employees are covered by an internally audited system.
iii. 91.6% are covered by an externally certified system.

403-9 Work-related injuries

pp. 52-53, p. 62

We have no differentiation between high-consequence work related injuries (a. ii.) and work-related injuries (a. iii.).

403-10 Work-related ill health

p. 53

Sustainability Report

GRI standard	Disclosure	Reference	Further information and omissions
Product safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 54-55	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	p. 55	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	p. 55	
Business conduct			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 55-56	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 56	
	205-2 Communication and training about anti-corruption policies and procedures	p. 56	
	205-3 Confirmed incidents of corruption and actions taken	p. 56	
GRI 206: Anti-competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 56	

SASB Mapping

SASB Sustainability Disclosure Topics & Accounting Metrics

Topic	SASB Accounting Metric	Code	Reference	Further Information and omissions
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	RT-IG-130a.1	GRI 302-1 GRI 302-3 Page 61	Percentage grid electricity has not been evaluated separately until now. We are working on making this breakdown available in the future.
Employee Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	RT-IG-320a.1	GRI 403-1 to 8 Pages 53, 62	We do not yet track near miss frequency rate (NMFR). We are evaluating the possibility of providing such information in the future.
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	RT-IG-410a.1	n/a	Not applicable to our products. The vast majority of Burckhardt Compression's compressors are powered by electricity.
	Sales-weighted fuel efficiency for non-road equipment	RT-IG-410a.2	n/a	
	Sales-weighted fuel efficiency for stationary generators	RT-IG-410a.3	n/a	
	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	RT-IG-410a.4	n/a	
Materials Sourcing	Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	Pages 40-41, 78-79,	
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	RT-IG-440b.1		This information is not disclosed for business reasons.

SASB Activity Metrics

Activity Metric	Code	Reference	Further Information and omissions
Number of units produced by product category	RT-IG-000.A	n/a	This information is not disclosed for business reasons.
Number of employees	RT-IG-000.B	GRI 102-8 Page 62	

Corporate Governance

Burckhardt Compression is committed to responsible corporate governance. The company adheres to the Directive on Information Relating to Corporate Governance (DCG) issued by SIX Swiss Exchange, where applicable to Burckhardt Compression, and the "Swiss Code of Best Practice for Corporate Governance" issued by *economiesuisse*.

Burckhardt Compression has scheduled its Annual General Meeting 2023 on July 1, 2023. Among the proposals for which approval will be sought is the amendment of the Bylaws to reflect changes in Swiss corporate law, which has been revised to strengthen corporate governance and update various processes, among other changes.

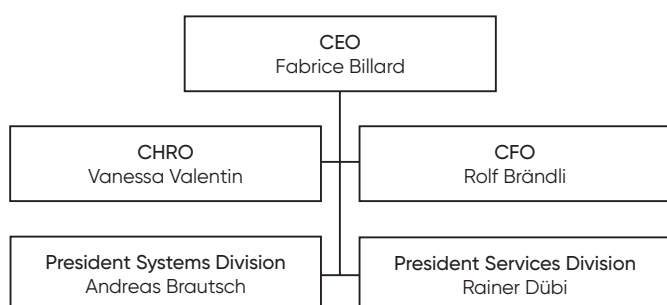
The information presented in this report reflects the situation on March 31, 2023, unless otherwise noted and this report is structured in accordance with the latest DCG's outline and numbering.

1. Group structure and shareholders

1.1. Group structure

1.1.1. Description of the operational group structure

Burckhardt Compression is managed through a divisional organizational structure consisting of two divisions, the Systems Division (compressor manufacturing business) and the Services Division (compressor services and components). The management structure of the Burckhardt Compression Group is given in the organizational chart below:



1.1.2. Listed Group companies

Burckhardt Compression Holding AG, a corporation organized under the laws of Switzerland with its legal domicile in Winterthur, is the only listed Group company. Burckhardt Compression registered shares (BCHN) are listed on the SIX Swiss Exchange in Zurich (ISIN: CH0025536027; security number 002553602). Its market capitalization as per March 31, 2023 amounted to CHF 1'931'200'000. Burckhardt Compression Holding AG holds 33'413 BCHN shares (0.98% of the total registered shares) per March 31, 2023.

1.1.3. Unlisted Group companies

Information on the unlisted companies included in the scope of consolidation of Burckhardt Compression Holding AG is given in the financial report on page 133, Note 102, "Subsidiaries".

With the exception of Burckhardt Compression Holding AG, none of the companies included in the scope of consolidation hold any BCHN shares.

1.2. Significant shareholders

According to information available to the company from the disclosure notifications of the SIX Exchange Regulation Ltd., the shareholders listed in the following table reported shareholdings of at least 3% of the voting rights as per March 31, 2023. In accordance with the company's Bylaws, the voting rights of NN Group N.V., The Goldman Sachs Group Inc and UBS Fund Management (Switzerland) AG are limited to 5.0% of the total number of BCHN registered shares recorded in the share register:

Name	Country	of shares in %
MBO Aktionärsgruppe (Valentin Vogt, Daniela Vogt, Harry Otz, Leonhard Keller, Martin Heller, Ursula Heller, Marcel Pawlicek)	CH	12.40
NN Group N.V.*	NL	9.86
The Goldman Sachs Group, Inc**	US	7.37
UBS Fund Management (Switzerland) AG	CH	5.02
BlackRock, Inc.	US	3.07

*According to the notification to the Disclosure office of SIX Exchange Regulation Ltd. published on November 19, 2021.

**According to the notification to the Disclosure Office of SIX Exchange Regulation Ltd. published on June 24, 2022, with the following remark: "This notification is being made because The Goldman Sachs Group, Inc. ("GS Group") has acquired control of NN Investment Partners Holdings N.V. ("NNIP") and NNIP has a discretionary asset management mandate with respect to BCHN shares which are owned by NN Group N.V."

More detailed information on the disclosure notifications is available on the website of the SIX Swiss Exchange's Disclosure Office: (<https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/>).

1.3. Cross-shareholdings

Burckhardt Compression Holding AG has no cross-shareholdings with any other company or group of companies.

2. Capital structure

2.1. Capital

The issued share capital of Burckhardt Compression Holding AG amounts to CHF 8'500'000, comprising 3'400'000 fully paid registered shares with a nominal value of CHF 2.50 each.

The Board of Directors is authorized to increase the share capital anytime on or before June 30, 2024 in the maximum amount of CHF 850'000 by issuing up to 340'000 fully paid in registered shares with a nominal value of CHF 2.50 per share (authorized share capital).

2.2. Authorized capital and conditional capital in particular

The company does not have any conditional capital.

Details on the authorized share capital:

The date of the issuance, the issue price, the beginning of the dividend rights and any contributions in kind or planned acquisitions to be financed by a capital increase are to be defined by the Board of Directors. The Board of Directors is entitled to conduct more than one capital increase. The transferability of the shares shall be subject to the registration requirements set forth in the Bylaws. The Board of Directors is entitled to revoke the right to subscribe for new shares and to transfer such subscription rights to third parties (i) in case of an acquisition of a company through a share swap or (ii) in order to finance the acquisition of companies or of parts thereof. Furthermore, the Board of Directors is entitled to revoke the right to subscribe for new shares if such new shares are to be publicly placed in the market. Shares which have not been subscribed for by existing shareholder will be allocated by the Board of Directors at its free discretion.

2.3. Changes in capital

There has been no movement (increase or decrease) in share capital since the IPO in June 2006.

2.4. Shares and participation certificates

Voting rights may only be exercised after the shareholder has been registered in the Share Register. All shares are entitled to full dividend rights. Voting rights per shareholder are restricted to 5.0% of the total number of the registered shares recorded in the commercial register. This does not apply to shareholders who were in possession of more than 5.0% of the shares of Burckhardt Compression Holding AG before the Initial Public Offering (IPO). The voting rights of treasury shares – held by Burckhardt Compression Holding AG – will be suspended. The company has not issued any participation certificates.

2.5. Dividend-right certificates

The company has not issued any dividend-right certificates.

2.6. Limitations on transferability and nominee registrations

2.6.1. Limitations on transferability

No person or entity will be registered as a shareholder in the Share Register for more than 5.0% of the issued share capital. This entry restriction is also applicable to persons whose shares are totally or partially held by Nominees (please refer to below Chapter 2.6.3). This restriction is also valid if shares are acquired through the exercise of subscription, option, or conversion rights, with the exception of shares acquired through inheritance, division of an estate or marital property law. Legal entities and partnerships associated with each other by uniformly managed capital or votes or in any other way, as well as private and legal entities or partnerships which form an association to evade registration restrictions, are regarded as one person.

This restriction on voting rights does not apply to shareholders who were in possession of more than 5.0% of the shares of Burckhardt Compression Holding AG before the IPO. The Board of Directors is entitled to grant exceptions to the registration requirements in special circumstances.

A shareholder may be represented at the Annual General Meeting by the independent proxy holder or by another person with legal capacity. All shares held by a shareholder can only be represented by one person.

The company may further refuse registration as a shareholder with voting rights, if the acquirer does not expressly declare upon request that he/she/it holds the shares in his/her/its own name and for his/her/its own account.

2.6.2 Reasons for granting exceptions

The company has not granted any exceptions during the last year.

2.6.3. Nominee registrations

Individual persons who have not expressly declared in their registration application that they hold the shares for their own account (nominees) will be entered in the Share Register with voting rights if the nominee concerned provides proof that he/she/it is subject to supervision by an accredited bank and financial market regulator and if he/she/it has concluded an agreement with the Board of Directors concerning his/her/its status. Nominees holding up to 2.0% of the issued shares will be entered in the Share Register with voting rights without having to sign an agreement with the Board of Directors. Nominees holding more than 2.0% of the issued shares will be entered in the Share Register with 2.0% voting rights and, for the remaining shares, without voting rights. Above this 2.0% cap, the Board of Directors may have nominees entered in the Share Register with voting rights if they disclose the names, the addresses, the nationalities, and the shareholdings of the persons for whom they hold more than 2.0% of the issued share capital. The Board of Directors is entitled to approve exceptions from the statutory conditions for registration with respect to special circumstances.

2.6.4. Cancelling privileges and limitations on transferability

Amendments to the Bylaws (including cancelling privileges and limitations on transferability) require the approval of at least two-thirds of the share votes represented at the Annual General Meeting.

2.7. Convertible bonds and options

The company does not have any outstanding convertible bonds and has not issued any option rights.

3. Board of Directors

3.1./3.2. Members of the Board of Directors/

Other activities and vested interests

The Bylaws stipulate that the Board of Directors consists of a minimum of three and a maximum of seven members. Since the Annual General Meeting 2021, all members are non-executive and independent members of the Board of Directors in the context of the "Swiss Code of Best Practice for Corporate Governance" from *economiesuisse*¹.

The composition of the Board of Directors is as follows:

Name	Nationality	Function	First elected	Term expires
Ton Büchner	CH/NL	Chair, non-executive; Chair SSC	2020	2023
Urs Leinhäuser	CH	Member, non-executive; member AC	2007	2023
Dr. Monika Krüsi	CH/IT	Member, non-executive; member SSC, Chair NCC	2012	2023
Dr. Stephan Bross	DE	Member, non-executive; member NCC	2014	2023
David Dean	CH	Member, non-executive; Chair AC	2019	2023
Maria Teresa Vacalli	CH	Member, non-executive; member AC	2022	2023

AC = Audit Committee | NCC = Nomination and Compensation Committee | SSC = Strategy and Sustainability Committee

No member of the Board of Directors has served as a member of the Executive Management of Burckhardt Compression Holding AG and/or any subsidiary within the Burckhardt Compression Group. Furthermore, none of the members of the Board of Directors have material business relationships with Burckhardt Compression AG and/or any subsidiary within the Burckhardt Compression Group.

Biographical details and information on other activities and commitments of the individual members of the Board of Directors are given below:

¹As approved by *economiesuisse* on November 14, 2022.



Ton Büchner (1965)

Independent Board Member since 2020

Education

MBA, IMD Business School, Switzerland,
MSc in Civil Engineering, Delft University
of Technology, Netherlands

Professional background

2012–2017 Chair of the Executive
Management and CEO, AkzoNobel NV,
Netherlands

2007–2011 CEO, Sulzer AG, Switzerland

2003–2007 President, Sulzer Pumps,
Switzerland

2000–2002 President, Sulzer

Turbomachinery Services, Switzerland

1994–2000 Various management
positions, Sulzer AG, Switzerland

Duties and responsibilities as a director of Burckhardt Compression Holding AG

- Chair of the Board of Directors
- Chair of the Strategy and
Sustainability Committee

Other activities and commitments

- Member of the Board of Directors,
Novartis, Switzerland
- Chair of the Board of Directors, Swiss
Prime Site AG, Switzerland
- Member of the Advisory Committee
“Adviescommissie Maatwerkafspraken
Verduurzaming Industrie” of the Ministry
of Economic Affairs and Climate of the
Netherlands
- Advisor, Ammega, Switzerland



Urs Leinhäuser (1959)

Independent Board Member since 2007

Education

Degree in Business Administration,
University of Applied Sciences, Zurich,
Switzerland, IMD Lausanne (SSE),
Switzerland

Professional background

Since 2016 Managing Partner ADULCO
GmbH, Switzerland

2014–2016 Self-employed, Switzerland

2011–2014 CFO and Deputy CEO, Member
of Executive Board, Autoneum Holding AG
(the Group), Switzerland

2003–2011 CFO and Head Corporate
Center, Member of Group Executive Com-
mittee, Rieter Holding AG, Switzerland

1999–2003 CFO, Member of Group Exec-
utive Committee, Mövenpick Holding,
Switzerland

1997–1999 CFO, Piping Systems Division,
Georg Fischer AG, Switzerland

1995–1997 Head of Corporate Controlling,
Georg Fischer AG, Switzerland

1992 Managing Director, Cerberus,
Denmark

1988–1994 Group Controller, Cerberus AG,
Switzerland

1986–1988 Deputy Head, Tax
Consultancy Department, Refidar
Moore Stephens, Switzerland

1983–1986 Tax Inspector, Cantonal Tax
Department SH, Switzerland

Duties and responsibilities as a director of Burckhardt Compression Holding AG

- Member of the Board of Directors
- Member of the Audit Committee

Other activities and commitments

- Chair of the Board of Directors,
Avesco AG, Switzerland
- Member of the Board of Directors,
Ammann Group Holding AG, Switzerland
- Member of the Board of Directors ,
Liechtensteinische Landesbank AG,
Liechtenstein
- Vice Chair of the Board of Directors,
VAT Group AG, Switzerland
- Member of the Board of Directors ,
PENSADOR Partner AG, Switzerland



Dr. Monika Krüsi (1962)

Independent Board Member since 2012

Education

PhD in Business Informatics,
MBA University of Zurich, Switzerland

Professional background

Since 2003 Partner, MKP Consulting AG,
Switzerland

2001–2003 Partner, Venture Incubator
Partners AG, Switzerland

1991–2001 Associated Partner,
McKinsey & Co., Inc., Switzerland

1986–1990 Credit Suisse, Switzerland

Duties and responsibilities as a director of Burckhardt Compression Holding AG

- Member of the Board of Directors
- Chair of the Nomination and
Compensation Committee
- Member of the Strategy and
Sustainability Committee

Other activities and commitments

- Chair of the Board of Directors,
Repower AG, Switzerland
- Chair of the Board of Directors of Oskar
Ruegg AG, Switzerland
- Member of the Board of Directors,
360°, Switzerland
- Member of the Board of Directors
Accelleron Industries AG, Switzerland



Dr. Stephan Bross (1962)

Independent Board Member since 2014

Education

PhD in Mechanical Engineering,
TU Braunschweig, Germany

Professional background

Since 2018 Executive Management member (CTO), KSB SE & Co. KGaA, Germany

2017 Executive Management member, Technology, KSB AG, Germany

2014–2017 Senior Vice President, Pumps, KSB AG, Germany

2007–2013 Senior Vice President, Service, KSB AG, Germany

2002–2007 Head Product Management and Development Engineered Pumps, KSB AG, Germany

1997–2001 Head Development and Services Fluid Flow Technical Systems, KSB AG, Germany

1996–1997 Head of Fluid Mechanics Research, KSB AG, Germany

1993–1996 R&D Engineer, KSB AG, Germany

Duties and responsibilities as a director of Burckhardt Compression Holding AG

- Member of the Board of Directors
- Member of the Nomination and Compensation Committee



David Dean (1959)

Independent Board Member since 2019

Education

Swiss certified Expert for Accounting and Controlling, Swiss certified Public Accountant Completed executive education programs at Harvard Business School, Boston, USA, and at IMD, Lausanne, Switzerland

Professional background

Since 2019 Self-employed, Switzerland

2004–2019 CEO, Bossard Group, Switzerland

1998–2004 CFO, Bossard Group, Switzerland

1993–1998 Deputy CFO and Corporate Controller, Bossard Group, Switzerland

Duties and responsibilities as a director of Burckhardt Compression Holding AG

- Member of the Board of Directors
- Chair of the Audit Committee

Other activities and commitments

- Member of the Board of Directors, Bossard Group, Switzerland
- Member of the Board of Directors Komax Group, Switzerland
- Member of the Board of Directors, Brugg Group, Switzerland
- Chair of the Board of Directors, Haag-Streit Group, Switzerland (a division of Metall Zug Group)



Maria Teresa Vacalli (1971)

Independent Board Member since 2022

Education

MSc in Industrial Management and Manufacturing, ETH Zurich, Switzerland

Professional background

2019–2022 Chair of the Executive Board and Head of the Executive

Committee, Bank Cler AG, Switzerland

2018–2019 Head of Digital Market Services & Member of the Executive Committee, Basler Kantonalbank, Switzerland

2016–2018 CEO, Moneyhouse AG, NZZ Mediengruppe, Switzerland

2013–2016 Sunrise Communication AG, Switzerland

2008–2013 Executive Director Wholesale, Switzerland

2002–2008 Director, Cablecom, Switzerland

2002 Manager GCI Management, Switzerland

2001 Manager, Ernst & Young, Center for Business Innovation (CBI), Switzerland

2000–2001 Partner & Owner, Seavantage, Switzerland

1998–2000 Manager, PricewaterhouseCoopers, Switzerland

Duties and responsibilities as a director of Burckhardt Compression Holding AG

- Member of the Board of Directors
- Member of the Audit Committee

Other activities and commitments

- Member of the Board of Directors, Swiss Post, Switzerland

Independence of the Board of Directors

All members are non-executive and independent members of the Board of Directors in the context of the Swiss Code of Best Practice for Corporate Governance from economiesuisse. Non-executive members of the Board of Directors are considered independent if they have never, or not within the last three (3) years, worked for Burckhardt Compression, and have no or only relatively small business relationships with the company.

3.3. Rules in the Bylaws concerning the number of permitted activities

Members of the Board of Directors may not hold more than ten (10) additional board memberships, of which not more than four (4) in listed companies.

3.4. Election and term of office

Each member of the Board of Directors, the Board Chair, and each member of the Nomination and Compensation Committee are elected annually by the Annual General Meeting. The members of the Board of Directors shall be automatically retired from the Board of Directors in the year in which they reach the age of 70.

3.5. Internal organization and structure

3.5.1. Allocation of tasks within the Board of Directors

The competencies of the Board members are depicted in the following matrix:

	Ton Büchner	Urs Leinhäuser	Monika Krüsi	Stephan Bross	David Dean	Maria Teresa Vacalli
Executive competence (>200 FTE)	•			•	•	•
Strategic competence	•	•	•	•	•	•
Competence in non-European cultures	•	•	•	•	•	
Sustainability competence	•					
Supply chain competence			•	•	•	
Competence in BC markets	•			•		
Technological competence	•		•	•		•
Financial competence	•	•			•	•
M&A competence	•	•	•	•	•	•
Board-level competence	•	•	•		•	•
CEO coaching competence	•		•	•	•	

The company's General Counsel, who serves as Secretary to the Board of Directors, has a degree in law (mag.iur.).

3.5.2. Committees of the Board of Directors

The Board of Directors has set up the following committees:

Audit Committee

The Audit Committee advises and supports the Board in all matters related to external and internal audits, risk management, accounting policies and practices and compliance with accounting standards issued. The CEO, the CFO, the head of the internal audit unit and representatives of the external auditors also participated in the Audit Committee's ordinary meetings. The members are David Dean (Chair), Urs Leinhäuser and Maria Teresa Vacalli.

Nomination and Compensation Committee

This committee advises and assists the Board of Directors on appointing, assessing and dismissing members of the Executive Management, and draws up proposals for the appointment or dismissal of members of the Board of Directors. Furthermore, the Nomination and Compensation Committee advises and assists the Board of Directors on questions relating to the compensation of the directors and the Executive Management members. The CEO and the CHRO also attend the ordinary meetings of the NCC. The members are Dr. Monika Krüsi (Chair) and Dr. Stephan Bross.

Strategy and Sustainability Committee

The Strategy and Sustainability Committee supports the CEO in developing corporate strategy, advises the Board of Directors on strategic matters such as acquisitions and divestments, and ensures that sustainability (and social responsibility) is an integral part of the company strategy. It evaluates the implementation of the company strategy on a regular basis and submits proposals to the Board of Directors if adjustments or other measures are deemed necessary. The members are Ton Büchner (Chair) and Dr. Monika Krüsi. Additionally, the Strategy and Sustainability Committee helps prepare together with the CEO the annual strategy day.

3.5.3. Working methods

The Board of Directors has the final responsibility for the business strategy and the management of the Burckhardt Compression Group. It has final authority and defines the guidelines regarding strategy, organization, financial planning, and accounting for the Burckhardt Compression Group. The Board of Directors has delegated executive management responsibility to the CEO of Burckhardt Compression Group. The Board of Directors appoints a

Secretary for the Board and for the company. The Secretary does not need to be a member of the Board.

The Board of Directors meets as often as business requires, but at least four times per year. In fiscal year 2022, the Board of Directors and Board committees convened the following meetings (see table below).

The Board of Directors has a quorum when the majority of the members are present. Decisions are passed by a simple majority. In the event of a tie, the Chair has the casting vote.

The CEO, the two Presidents of the Systems and Services Divisions, the CFO, the CHRO and the General Counsel, in his role as Secretary, are regularly invited to attend Board meetings to report on developments in their respective business areas.

Meeting	Governing body	Duration	Ton Büchner	Urs Leinhäuser	Monika Krüsi	Stephan Bross	David Dean	Maria Teresa Vacalli
04/12/2022, meeting of	SCC	9.5 hours	•	•	•	•	•	
05/09/2022, meeting of	NCC	3.5 hours			•	•		
05/16/2022, meeting of	AC	1 hour					•	
06/01/2022, meeting of	AC	4 hours		•			•	
06/01/2022, meeting of	NCC	3.5 hours			•	•		
06/02/2022, meeting of	BOD	7 hours	•	•	•	•	•	
08/31/2022, meeting of	BOD	6 hours	•	•	•	•	•	•
08/30/2022, meeting of	NCC	3.5 hours			•	•		
08/31/2022, meeting of	SCC	7 hours	•	•	•	•	•	•
09/30/2022, meeting of	NCC	1.5 hours			•	•		
10/07/2022, meeting of	AC	1 hour					•	
10/14/2022, meeting of	SCC	6 hours	•	•	•	•	•	•
10/25/2022, meeting of	NCC	3 hours			•	•		
10/25/2022, meeting of	AC	3 hours		•			•	•
10/26/2022, meeting of	BOD	6.5 hours	•	•	•	•	•	•
11/09/2022, meeting of	AC	1 hour					•	
12/09/2022, meeting of	BOD	6.5 hours	•	•	•	•	•	•
01/10/2023, meeting of	AC	1 hour					•	
03/22/2023, meeting of	NCC	2 hours			•	•		
03/08/2023, meeting of	BOD	5 hours	•	•	•	•	•	•
03/08/2023, meeting of	SCC	2 hours	•		•			

BOD = Board of Directors | AC = Audit Committee | NCC = Nomination and Compensation Committee | SSC = Strategy and Sustainability Committee

3.6. Definition of areas of responsibility

The Board of Directors has delegated the Executive Management of the company and the Group to the CEO of Burckhardt Compression Group, with the exception of the duties which may not be delegated by law and in particular the following:

- Definition of the Group's business policies and strategy
- Definition of the top-level organizational structure of the Group
- Approval of the periodic forecasts, the annual report and of reporting and accounting policies
- Ensuring adequate internal control systems based on the recommendations of the Audit Committee
- Determination of the appropriate capital structure
- Appointment and dismissal of members to and from the Executive Management, as well as compensation of the Executive Management
- Decisions on new subsidiaries, major capital expenditure projects, acquisitions, financing transactions, the insurance concept and the provision of guarantees if such decisions exceed the powers conferred to the CEO.

The powers of the Executive Management and of the Group company executives are listed in detail in the organization regulation (<https://www.burckhardtcompression.com/investors/corporate-governance>).

3.7. Information and control instruments vis-à-vis the Executive Management

Order intake, the income statement, balance sheet, liquidity planning and cash flow, headcount, personnel costs and capital expenditure are consolidated and annotated on a monthly basis. A rolling forecast of Burckhardt Compression Group results for the current and coming fiscal years is also prepared and annotated four times a year (April, July, October and January). Targets for the coming fiscal year are determined based on the January forecast. The financial reports and the forecasts are distributed to the members of the Executive Management and all members of the Board of Directors. At every meeting of the Board of Directors, the members of the Executive Management report on the course of business and on all issues of relevance to the Burckhardt Compression Group.

Internal Group Audit and internal control system (ICS)

The internal audit reports to the Chair of the Audit Committee of the Board of Directors. Management responsibility for the unit has been delegated to the Head of Group Controlling, who is also responsible for planning and conducting the audits. The CFO is responsible for coordination between the Audit Committee and the Head of Internal Group Audit. The Internal Group Audit team consists of qualified staff from the Finance and Controlling departments of Burckhardt Compression AG and several selected financial specialists from the Burckhardt Compression Group's subsidiaries. Qualified subject matter experts from other fields (e.g. IT, Legal or Human Resources) may be consulted, depending on the auditing assignment. These employees perform the internal audit duties assigned to them in addition to their regular duties and in this additional capacity they report directly to the Head of Internal Group Audit, who in turn reports in this function directly to Chair of the Board of Directors' Audit Committee. This efficient organization is tailored to the needs and size of the Burckhardt Compression Group and fosters an active exchange of information and best practices with the objective of creating sustained added value for the Burckhardt Compression Group by means of continual process improvement. The internal auditors undergo regular training for the performance of their tasks. The training received is coordinated by the Head of internal Group Audit. The schedule for internal audits is determined by the Audit Committee of the Board of Directors on an annual basis and may be changed or expanded by the Audit Committee as and when required. Nine internal audits were carried out in fiscal year 2022. The internal auditors' reports were distributed to the management of the audited company, the members of the Audit Committee of the Board of Directors, the Executive Management members and to the external company auditors. The statutory auditor assesses the effectiveness of the internal control system (ICS) in a written report submitted to the Audit Committee and the Board of Directors once a year.

Risk management

Burckhardt Compression has an integrated risk management policy. In a two-stage process, key risks are identified using an anticipatory approach and grouped under one of four risk categories – strategic, financial, operational or legal/compliance – that have been defined by the Board of Directors. The risks are then evaluated, managed and stringently monitored, avoided, mitigated or transferred to third parties through appropriate risk management measures. The first stage of risk management consists of a continuous risk management process, in which the Division Presidents and the Burckhardt Compression Group functions (CEO, CFO, CHRO, CDIO, Legal) systematically identify and assess the risks in a regular rhythm, define the necessary risk mitigation measures together with the responsible persons, and set and monitor deadlines for implementation. Internal and external factors are included in the evaluation of potential risks.

The second stage of the risk management process consists of a periodic risk management review that takes place twice a year at the meetings of the Board of Directors' Audit Committee. To this

end, the Executive Management prepares an overview of the main risks faced by Burckhardt Compression Group and an assessment of the likelihood of these risks occurring and the effects they would have. This overview is presented to the Audit Committee together with the risk mitigation measures, the people responsible for implementing them, and an implementation timetable. The Audit Committee then reports to the Board of Directors about the findings of the risk management review.

Compliance

Burckhardt Compression has a group-wide compliance focusing on compliance with legal and internal regulations which include also the Code of Conduct and the Burckhardt Compression Values and Behaviors. The Compliance program has a three-pillar framework:

- prevention (through policies and trainings),
- early detection (through different grievance channels) and
- response (different actions on compliance breaches and fine tuning of policies).

The updated Code of Conduct was launched in 2021 and conveyed to all employees accompanied by e-trainings. A grievance channel was introduced to all employees and business partners. Also, data protection is an important topic taken very seriously at Burckhardt Compression. In 2022, the Data Protection Officer has continued to prioritize and focus on the implementation of the EU's General Data Protection Regulation (GDPR) requirements within Burckhardt Compression's projects, processes, and documentation. For many years Burckhardt Compression has also been investing in IT Security to ensure technical resilience to cyber-attacks. In 2022, the focus of the work was on strengthening the safety awareness of all employees. In addition, Burckhardt Compression has reviewed the IT Security assessment to identify and protect the most relevant assets (Crown Jewels).

3.8. Gender guidelines

As part of its extended duties, the Nomination and Compensation Committee assesses succession planning for the Board of Directors in order to ensure a balanced composition of the Board of Directors. The Board of Directors has increased the gender ratio from 20% to 33% of women on the Board of Directors during the last elections in 2022.

3.9. Self-evaluation of the Board of Directors

Regarding fiscal year 2021, the Board of Directors conducted a self-evaluation looking at the work of the Board of Directors and its individual committees. The evaluation process covered purpose, scope, composition and responsibilities and was done as an internal evaluation only. Each of the members of the Board of Directors completed a questionnaire and the detailed findings were presented back to the Board of Directors. Improvement measures were defined and will be regularly reviewed.

4. Executive Management

4.1./4.2 Members of the Executive Management/Other activities and vested interests

Name	Nationality	Function
Fabrice Billard	CH/FR	CEO
Rolf Brändli	CH	CFO
Vanessa Valentin	CH	CHRO*
Andreas Brautsch	DE	President Systems Division**
Rainer Dübi	CH	President Services Division

* since June 2022

** since October 2022

Biographical details and information on other activities and commitments of the members of the Executive Management:



Fabrice Billard (1970)

Education

MSc in Aeronautics and Aerospace Engineering. Ecole Centrale Paris, France

Professional background

Since April 2022 CEO Burckhardt Compression Group, Switzerland

2016–2022 President Systems Division, Burckhardt Compression Group, Switzerland

2015–2016 Chief Strategy Officer, Sulzer, Switzerland

2012–2015 Head Business Unit Mass Transfer Technology, Sulzer Chemtech, Switzerland/Singapore

2010–2012 Head Europe, Middle East, India, Russia & Africa Business Unit, Mass Transfer Technology, Sulzer Chemtech, Switzerland

2008–2010 Vice President Business Development, Sulzer Chemtech, Switzerland

2005–2008 Head Global Customer Services, Sulzer Pumps, Switzerland

2004–2005 Strategic Development Manager, Sulzer Corporate, Switzerland

1999–2004 Principal, The Boston Consulting Group, Switzerland/France



Rolf Brändli (1968)

Education

Degree in Business Administration, HWV Zürich, Switzerland

Professional background

Since 2008 CFO, Burckhardt Compression Group, Switzerland

2001–2008 Head of Finance & Administration, Sulzer Brasil S.A., Brazil; Regional Controller, Sulzer Pumps South America & South Africa

1997–2001 Regional Controller Asia/Pacific, Sulzer International Ltd.; General Manager, Sulzer Hong Kong Ltd., Hong Kong, SAR China

1994–1997 Management Consultant, OBT Treuhand AG Zurich, Switzerland



Vanessa Valentin (1979)

Education

BSc in Developmental Psychology, University of Sussex, UK

MSc in Human Resources, The London School of Economics and Political Science (LSE), UK

Professional background

Since June 2022 Chief Human Resources Officer, Burckhardt Compression Group, Switzerland

2016 – 2022 Senior VP Human Resources, VAT Group, Switzerland

2012 – 2016 Human Resources Director, Alstom, Switzerland

2007 – 2012 Human Resources Leader, GE Oil & Gas, Italy, Australia, US

2005 – 2007 Human Resources Leadership Program, GE, Germany, Italy, US

2003 – 2005 Human Resources Manager, Health Protection Agency, UK



Rainer Dübi (1969)

Education

Degree in Mechanical Engineering,
HTL Winterthur, Switzerland
MASBA School of Management,
Switzerland

Professional background

Since 2019 President Services Division,
Burckhardt Compression Group,
Switzerland

2012–2019 Head of Design &
Manufacturing, Burckhardt
Compression AG, Switzerland

2010–2012 Senior Sales Manager,
Burckhardt Compression AG, Switzerland

2007–2010 Manager Sizing, Burckhardt
Compression AG, Switzerland

2003–2007 Sizing Project Engineer,
Burckhardt Compression AG, Switzerland

2001–2003 Commissioning Lead
Engineer, Alstom, Switzerland

1999–2001 Commissioning Engineer,
ABB, Switzerland



Andreas Brautsch (1974)

Education

MSc in Mechanical Engineering,
TH Regensburg, Germany
PhD, Mechanical Engineering, Heriot
Watt University, Edinburgh, UK

Professional background

Since October 2022 President Systems
Division, Burckhardt Compression Group,
Switzerland

2019–2022 Group Vice President, Global
Lead Switchgear Business Hitachi Energy,
Switzerland

2017–2019 Group Vice President, Business
Transformation Lead Hitachi Energy,
Switzerland

2015–2017 Global Business Lead Industrial
Gas Power Business, General Electric, USA

2012–2015 Platform Director H-class
Gas Power Generation, Alstom Power,
Switzerland

2008–2012 Head of Products, Carbon
Capture Systems, Alstom Power,
Switzerland

2002–2008 Global Innovation Lead,
Alstom Power, USA

1998–2000 Implementation Lead for local
joint venture, Siemens, China

4.3. Rules in the Bylaws concerning the number of permitted activities

Members of the Executive Management may not hold more than five (5) additional board memberships, of which not more than two (2) additional may be in listed companies.

4.4. Management contracts

There are no management contracts with third parties.

4.5. Gender Guidelines

As part of its extended duties, the Nomination and Compensation Committee assesses succession planning for the Executive Management in order to ensure a balanced composition of the Executive Management. The Board of Directors aims to ensure a diversified Executive Management. The gender ratio is currently 20% women in the Executive Management.

5. Compensation, shareholdings and loans

5.1. Compensation and shareholding programs

The principles and elements of compensation paid to members of the Board of Directors and the Executive Management as well as the authority and the mechanisms used to determine such compensation are explained in the Compensation Report on pages 84 to 92.

The shareholdings of the members of the Board of Directors and the Executive Management in Burckhardt Compression Holding AG are listed in the Compensation Report on pages 84 to 92 and in the financial statements, note 103, "Share capital and shareholders" on page 133

Burckhardt Compression Group did not grant any loans, credit or collateral to any of the members of the Board of Directors or the Executive Management in fiscal year 2022 and there are no arrangements of this nature outstanding.

5.2. Rules in the Bylaws

5.2.1. on performance-related payments and allocations

The rules in the Bylaws on the principles applicable to performance-related pay and to the allocation of shares, contingent rights to receive shares or comparable instruments of the company, as well as the additional amount for payments to members of the Executive Management appointed after the vote on pay at the Annual General Meeting of shareholders are available on the website of Burckhardt Compression in the Bylaws (Art. 25, Art. 26 and Art. 27). (<https://www.burckhardtcompression.com/investors/corporate-governance>).

5.2.2. on loans, credit facilities and post-employment benefits

The rules in the Bylaws on loans, credit arrangements and pension plan benefits for members of the board and the Executive Management are available on the website of Burckhardt Compression in the Bylaws (Art. 29).

(<https://www.burckhardtcompression.com/investors/corporate-governance>).

5.2.3. on the vote on pay at the Annual General Meeting

The rules in the Bylaws on the vote on pay at the Annual General Meeting are available on the website of Burckhardt Compression in the Bylaws (Art. 24).

(<https://www.burckhardtcompression.com/investors/corporate-governance>).

6. Shareholders' participation rights

6.1. Voting rights restrictions and representation

6.1.1. Rules in the Bylaws on restrictions to voting rights

Please refer to above Chapter 2.6.1.

6.1.2. Rules in the Bylaws on the issue of instructions to the independent proxy

The rules in the Bylaws on the issue of instructions to the independent proxy are available on the website of Burckhardt Compression in the Bylaws (Art. 9 and Art. 13).

(<https://www.burckhardtcompression.com/investors/corporate-governance>).

6.2. Statutory quorums

A majority of at least two-thirds of the voting rights represented is required for changes to the company's Bylaws. Dissolution or merging of the company requires the presence or representation of at least half of the issued shares and the approval of at least two-thirds of the present or represented share votes on the petition submitted.

6.3 . Convocation of the Annual General Meeting of Shareholders

None of the applicable rules deviate from the law.

6.4. Inclusion of items on the agenda

Under the Bylaws, shareholders representing jointly at least ten (10) percent of the share capital may request discussion of an item at an Annual General Meeting. The corresponding petition should be submitted in writing to the Board of Directors of the company at least forty (40) days prior to the scheduled meeting stating the proposed item and petitions of the shareholders.

6.5. Entries in the Share Register

The record date for registered shareholders to be entered in the Share Register prior to an Annual General Meeting will be stated in the invitation to the Annual General Meeting.

7. Changes of control and defensive measures

7.1. Duty to make an offer

Once a shareholder acquires 33% of share capital and voting rights, he/she will be under an obligation to submit a public tender offer. The Bylaws contain neither an opting-out nor an opting-up clause.

7.2. Clauses on change of control

There are no provisions for special severance payments for members of the Board of Directors or members of the Executive Management or other employees in the event of a change of control over Burckhardt Compression Holding AG.

7A. Transparency on non-financial matters

The report on non-financial matters is included on page 30.

8. Auditors

8.1. Duration of mandate and term of office of the auditor in charge

8.1.1. Date of assumption of the current audit mandate

PricewaterhouseCoopers AG (PwC) has been the statutory auditor of Burckhardt Compression Holding AG since 2002 and is also in charge of the audit of the consolidated financial statements. The statutory auditor is elected by the Annual General Meeting of shareholders for one year at a time. Burckhardt Compression plans to tender its external audit contracts at least every ten (10) years and examine all bids received. The most recent invitation to tender was issued during fiscal year 2012. PwC was awarded the contract in March 2013 and was re-elected as statutory auditor by the Annual General Meeting of Shareholders in June 2013. Burckhardt Compression is planning to tender its external audit contract again in the course of fiscal year 2023.

8.1.2. Date on which the lead auditor responsible for the current audit mandate took up office

The auditor in charge will be changed after a maximum period of seven (7) years. Sandra Böhm Uglov has served as auditor in charge since the 2020 reporting period.

8.2. Auditor's fees

Total fees for auditing services provided by PwC worldwide during fiscal year 2022 amounted to TCHF 406 (previous year: TCHF 372).

8.3. Additional fees

The additional fees for services provided by PwC worldwide during fiscal year 2022 are in the amount of TCHF 41 (previous year: TCHF 110) for consulting services in the context with the long-term incentive plan. Additional services rendered by PwC outside the audit mandate are compatible with the audit assignment.

8.4. Information instruments pertaining to the external audit

The Audit Committee assists the Board of Directors in monitoring the company's accounting and financial reporting. It assesses the internal control procedures, the management of business risks, the audit plan and scope, the conduct of the audits and their results. The Audit Committee also reviews the auditor's fees. The statutory auditor is present during the examination of the consolidated annual and semi-annual financial statements. Once a year, the members of the Audit Committee receive from the statutory auditor a summary of the audit findings and suggested improvements. The Audit Committee held two meetings during the 2022 reporting

period. The auditor in charge and another representative of the auditor took part in these meetings.

9. Information policy

In general, Burckhardt Compression Holding AG reports order intake, sales, operating results, balance sheet, cash flow, and changes in shareholders' equity on a semi-annual basis, together with comments on the trend of business and the outlook for the future. Burckhardt Compression Holding AG provides price-sensitive information in accordance with the ad hoc disclosure requirements set out in the Listing Rules of the SIX Swiss Exchange. Burckhardt Compression Holding AG will send price-sensitive information to all interested parties via an email distribution list. Financial reports are available on our website (www.burckhardtcompression.com) and will be delivered to interested parties on request.

Key dates for 2023 and 2024

July 1, 2023

Annual General Meeting

October 31, 2023

Results for the first half of 2023 (closing September 30, 2023)

June 4, 2024

2023 Annual Report (closing March 31, 2024)

July 5, 2024

Annual General Meeting

Details of these dates, possible changes, the company profile, current share prices, presentations, and contact addresses can be found at www.burckhardtcompression.com, where interested parties can also subscribe to the email distribution list.

10. Quiet periods

No member of the Board of Directors, member of the Executive Management or other employee of Burckhardt Compression specifically notified by the CFO may trade with Burckhardt Compression shares listed in the stock exchange or any other exchange-traded financial instruments relating to BCHN shares, such as derivatives, during the period starting from April 1 and October 1 respectively and ending with the close of the second trading day after Burckhardt Compressions' public release of the relevant annual or half-year report. Besides these recurring lock-out periods, there was no specific lock-out period during the fiscal year 2022.

Compensation Report

This Compensation Report describes the policies and system in place for the compensation of the Board of Directors and the Executive Management of Burckhardt Compression, together with information on their annual compensation and shareholdings.

Compensation Report

1. Basis

This Compensation Report describes the policies and system in place for the compensation of the Board of Directors and the Executive Management of Burckhardt Compression, together with information on their annual compensation. This report was prepared in accordance with the provisions of the Swiss Federal Ordinance Against Excessive Compensation in Listed Companies (OAEC), the Directive on Information relating to Corporate Governance (DCG) issued by the SIX Swiss Exchange, and the Bylaws of Burckhardt Compression Holding AG.

2. Organization, Duties and Powers

The Nomination and Compensation Committee (NCC) is comprised of at least two members of the Board of Directors. The members of the NCC are elected individually and annually by the Annual General Meeting and their term of office shall expire at the end of the next Annual General Meeting. The Annual General Meeting of July 1, 2022 re-elected Dr. Monika Krüsi and Dr. Stephan Bross to the Nomination and Compensation Committee. The Board of Directors appointed Dr. Monika Krüsi Chair of the Nomination and Compensation Committee.

The NCC meets a minimum of twice a year, in 2022 it met six times. The CEO and CHRO attend these meetings in an advisory capacity, except during deliberation on meeting topics that pertain to themselves. Following each NCC meeting the Board of Directors will be informed of the topics discussed and the proposals of the NCC are brought to the next possible Board Meeting.

The duties and powers of the NCC are set forth in the company's Bylaws and Organizational Regulations (www.burckhardt-compression.com/corporate-governance). The regulations are regularly reviewed. The NCC supports the Board of Directors in the performance of its duties pertaining to the compensation and personnel policies of the company and the entire Group as prescribed by law or the company's Bylaws. The most important duties and powers of the NCC with regard to compensation are given in the table below. No external advisors have been consulted.

Topic	Proposal/ recommendation by	Approval authority
Compensation principles and guidelines	NCC	BOD
Compensation Report	NCC	BOD
Compensation of Board of Directors	NCC	BOD, subject to AGM approval
Compensation of Executive Management	NCC	BOD, subject to AGM approval
Loans to members of the Executive Management	CEO	NCC

BOD = Board of Directors | NCC = Nomination and Compensation Committee | AGM= Annual General Meeting

The Annual General Meeting of Burckhardt Compression Holding AG casts the following votes in relation to the compensation of the Board of Directors and Executive Management:

- a prospective vote on the maximum aggregate amount of fixed compensation for the Board of Directors for the fiscal year following the Annual General Meeting
- and a prospective vote on the maximum aggregate amount of fixed compensation for the Executive Management for the fiscal year following the Annual General Meeting
- a retrospective vote on the maximum aggregate amount of variable compensation for the Executive Management for the fiscal year preceding the Annual General Meeting
- In addition, the principles of compensation are governed by the Articles of Bylaws, which are also approved by the shareholders
- The provisions of the articles of the Bylaws are listed below: https://www.burckhardtcompression.com/wp-content/uploads/2022/08/BCHN_Bylaws_english_2022-07-01.pdf
- Article 24: Approval of compensation by the Annual General Meeting
- Article 25: Supplementary amount of compensation for members of the Executive Management
- Article 26: General compensation principles
- Article 27: Contracts relating to compensation
- Article 29 Loans, credit arrangements and pension benefits over and above those provided in mandatory occupational pension plans

Furthermore, the Annual General Meeting casts a consultative vote on the Compensation Report.

3. Compensation system

Burckhardt Compression Group's compensation system consists of a mix of fixed and variable components. In accordance with the Bylaws of Burckhardt Compression Holding AG, variable compensation can be paid in whole or part in the form of shares, conditional rights to receive shares, or in comparable instruments of the company.

Compensation Report

3.1. Compensation system for the Board of Directors

In order to guarantee the independence of the members of the Board of Directors in exercising their supervisory duties, their compensation consists of a fixed remuneration only. The compensation of the Board of Directors is market-competitive and strengthens the alignment with the interests of the shareholders.

Compensation for the Board of Directors is delivered 80% in cash and 20% in free shares; a fixed cash supplement for directors who serve on a formal Board committee; and a fixed lump-sum for expenses. The number of shares awarded is based on the average share price (daily closing price on the SIX exchange) of the 30 trading days before the Annual General Meeting. Revised compensation regulation for the Board of Directors came into effect on July 2, 2022.

The fixed component amounts to CHF 81'000 for members of the Board of Directors and to CHF 184'000 per year for the Chair of the Board of Directors. The fixed cash supplement for directors serving on a formal Board committee is CHF 10'000 a year. The lump sum for expenses is CHF 4'000 for members of the Board of Directors and CHF 6'000 per year for the Chair of the Board of Directors. For the Board of Directors only mandatory pension benefits are granted.

3.2 Compensation system for the Executive Management

Burckhardt Compression has established a comprehensible compensation system which is well balanced between shorter- and longer-term orientation. The objectives pursued with this system are to ensure that the compensation of the company executives is market-competitive and to achieve a good balance between the interests of the shareholders, the directors, and Executive Management. Market-competitive pay is a basic prerequisite for attracting well-qualified executives and ensuring that they remain with the company in the long run.

The structure of compensation system of the Executive Management

Components	Program	Purpose	Plan period
Annual Base Salary	Monthly cash salary	Attract and retain	continuous
Short-term incentive	Variable performance- and profit related annual cash bonus	Pay for performance	annual
	Variable performance- and profit related long-term incentive bonus awarded in form of free shares	Reward long-term performance aligned with shareholders	6 years
Benefits:			
Pension and Insurance	Monthly contributions	Protect against risk	continuous

Base salary

The functions performed by members of the Executive Management are assigned to so-called Global Grades as defined by a global functional grading system (Willis Towers Watson Global Grading System). Market data for each Global Grade based on Willis Towers Watson's Global 50 Remuneration Planning Report are taken into consideration when determining the base salary of the members of the Executive Management. In addition, individual executive performance goal achievements like e.g. expansion of product portfolio and geographic scope, sustainability, and digitalization are reviewed annually. The base salary is reviewed annually.

Annual Short-Term Incentive (STI)

The members of the Executive Management receive a variable performance- and profit-related bonus in addition to their base salaries. The STI is calculated from the group net income of the Burckhardt Compression Group – if a minimum financial threshold of 4% return on sales at the net profit level is achieved – and a percentage rate determined by the Global Grade. This measure focuses on profitability and aligns the Executive Management with the interests of all stakeholders. The percentage rate applied for the CEO is 0.28%. The percentage rate for other members of the Executive Management – depending on their Global Grade – ranges from 0.12% to 0.16%. The STI is limited to 50% of the base salary. The STI plan is regularly reviewed. In 2022 the NCC has made slight revisions to the STI plan which will be applicable as of fiscal year 2023.

Long-Term Incentive (LTI)

Members of the Executive Management additionally receive LTI pay awarded in the form of free shares. The LTI program is valid for a six-year period (fiscal years 2017–2022). LTI pay is based on the attainment of the Mid-Range Plan targets for organic growth (sales) and net income of Burckhardt Compression Group for the fiscal years 2017 to 2019 as well as 2020 to 2022.

The basis upon which the LTI pay is calculated consists of a fixed, predefined amount per Global Grade. If the sales and net income targets set in the Mid-Range Plan are attained by the end of fiscal year 2022, this fixed amount will be multiplied by a factor of 1.0. Each KPI is weighted 50% (for sales and net income) and awarded in the form of free shares.

Compensation Report

The targeted amount of the LTI for the entire six-year period is CHF 900'000 for the CEO and between CHF 450'000 and CHF 600'000 for the members of the Executive Management, depending on their Global Grade. For new joiners to and promotions within the Executive Management the target amount is pro-rated. The sales target in the Mid-Range Plan (aggregate) for the six years amounts to CHF 3'819 mn; the net income target (aggregate) is CHF 300 mn. If the targets are only partially achieved, the factors will be reduced by a corresponding amount. Minimum financial targets have been defined for both cumulative sales and for cumulative net income. The minimum cumulative sales target is set at CHF 3'346 mn, minimum cumulative net income at CHF 195 mn. If cumulative sales or net income fall short of these minimum thresholds, the corresponding factor will be reduced to zero. If the Mid-Range Plan targets for sales or net income are exceeded, the corresponding factors will be increased up to a maximum amount of 0.6 each (1.2 in total).

An interim evaluation of the attained targets was conducted after three years. Members of the Executive Management whose employment with the company had not been terminated as of July 31, 2020 were on that date awarded a number of free shares for the fiscal years 2017, 2018, and 2019, based on attainment of the targets. These free shares were distributed at the end of July 2020. The factors used for the multiplication of the fixed amount in the interim evaluation are limited to 0.3 each (total 0.6). The second allotment of free shares for the fiscal years 2020, 2021 and 2022 will be distributed at the end of July 2023, subject to approval by the Annual General Meeting. The number of shares awarded are based on the average share price for the periods from the announcement of the full-year results to the Annual General Meetings for the fiscal years 2019 and 2022, respectively.

All shares received will not be subject to any restrictions upon the date of transfer.

Based on the NCC's regular review of the compensation policies and the expiring of the current LTI plan, the Board of Directors has approved a new LTI policy which will replace the current and expiring LTI plan.

To align compensation stronger to the interests of shareholders, increase the pay for performance relationship and strengthen the retention of the most senior employees, a new LTI policy will come into effect with the start of fiscal year 2023.

The LTI plan will be awarded in form of Performance Share Units (PSUs) which are conditional upon the fulfillment of certain performance conditions. The vesting of the award is based on the achievement of three KPI's over a period of three years, subject to continued employment:

- Cumulative Earnings per Share (50% weighted)
- Cumulative Revenue (25% weighted)
- ESG measure (25% weighted)

The KPIs have been chosen to balance top-line growth and bottom-line efficiency, as well as the commitment to sustainability, measured by the reduction of GHG emission intensity by 50% by 2027.

The plan includes malus and clawback provisions which allow to reduce or reclaim all or parts of the award in defined cases.

With this revision of the LTI policy the company aims to drive not only sustainable retention of our leadership team but also provides the opportunity to participate in the long-term success of the company.

Employment contract terms and shareholding guideline

Employment contracts with Executive Management members are entered into for an indefinite period with a notice period of six months. The Executive Management is not contractually entitled to sign-on payments, termination payments, change-of-control provisions (except the accelerated vesting under the LTI plan) or non-competition compensation. Pension benefits are part of the regular company occupational pension plans.

Starting from fiscal year 2023, the Executive Management will be required to build up and own at least a minimum multiple of their annual base salary in Burckhardt Compression shares.

Compensation Report

4. Compensation allocated with comparative figures for the previous year

4.1. Compensation allocated to the Board of Directors

The following aggregate compensation was allocated to the members of the Board of Directors for the fiscal years 2022 and 2021:

in CHF 1'000 (gross)	Function	Fees	Social security contributions and other benefits*	2022
Members of the Board of Directors				
Ton Büchner	Chair	194	18	212
Urs Leinhäuser	Member	91	10	101
Dr. Monika Krüsi	Member	101	11	112
Dr. Stephan Bross	Member	91	10	101
David Dean	Member	91	12	103
Maria Teresa Vacalli ¹	Member	68	8	76
Total		636	69	705
Approved by the 2021 AGM for FY2022				750
2021				
in CHF 1'000 (gross)	Function	Fees	Social insurance contributions and other benefits*	2021
Members of the Board of Directors				
Ton Büchner	Chair	194	18	212
Urs Leinhäuser	Member	91	10	101
Dr. Monika Krüsi	Member	101	11	112
Dr. Stephan Bross	Member	91	10	101
David Dean	Member	91	7	98
Total		568	56	624
Approved by the 2020 AGM for FY2021				650

¹ From July 2, 2022

*Includes mandatory required social security contributions only as per local Swiss regulations, and expenses as per Board of Directors compensation regulation

The total fixed compensation for the Board of Directors for the fiscal year under review is CHF 81'000 higher than for the previous fiscal year due to an additionally appointed member of the Board of Directors. The Annual General Meeting of July 2, 2021 approved aggregate fixed compensation in the amount of CHF 750'000 (gross, incl. social security contributions) for the Board of Directors (six members) for fiscal year 2022. The amount of compensation actually paid was CHF 705'000 which is within the limit of the approved amount by the AGM.

Compensation Report

4.2. Compensation allocated to the Executive Management

The following compensation was allocated to the members of the Executive Management for the fiscal years 2022 and 2021:

in CHF 1'000 (gross)		Function	Fixed base salary, cash	Social insurance contributions and other benefits	Total fixed compensation	Short-term incentive, cash	Share-based long-term incentive	Social security contributions and other benefits	Total variable compensation	2022 Total
Executive Management										
Fabrice Billard (highest paid)		CEO	400	102	502	196	180	78	454	956
Other members of the Executive Management ¹			951	287	1'238	350	375	143	868	2'106
Total			1'351	389	1'740	546	555	221	1'322	3'062
Approved by the 2021 AGM for FY 2022					2'400					

in CHF 1'000 (gross)		Function	Fixed base salary, cash	Social insurance contributions and other benefits	Total fixed compensation	Short-term incentive, cash	Share-based long-term incentive	Social security contributions and other benefits	Total variable compensation	2021 Total
Executive Management										
Marcel Pawlicek (highest paid)		CEO	445	115	560	151	180	106	437	997
Other members of the Executive Management ¹			1'081	256	1'337	337	360	216	913	2'250
Total			1'526	371	1'897	488	540	322	1'350	3'247
Approved by the 2020 AGM for FY 2021					2'200					

¹Includes changes in the Executive Management: new CHRO from June 2022 including CHFk 60 as replacement award for the forfeiture of unvested equity at the previous employer; new President for Systems Division from October 2022

The total fixed compensation for the highest paid member of the Executive Management for the period under review is 10% lower compared to the total fixed compensation for the highest paid member of the Executive Management for the previous fiscal year, due to a new CEO in role. The total amount of fixed compensation for the other members of the Executive Management for 2022 is 7% less than for the previous year's period. This is due to changes in the Executive Management composition. The Annual General Meeting of July 2, 2021 approved a maximum aggregate amount of CHF 2'400'000 (gross, including social security contributions) for the fixed compensation of the entire Executive Management for the fiscal year 2022. The amount of fixed compensation actually paid (gross, including social security contributions) is within the limit of the approved amount by the AGM 2021.

The annual STI for the Executive Management for fiscal year 2022 was 12% higher than in the previous year as a result of a higher net income achieved in fiscal year 2022 compared to previous fiscal year. This is based on a formulaic calculation where no discretion has been applied. Expenses for the Executive Management's LTI compensation rose by 3% from the previous year. This is due to changes in the Executive Management composition.

The provision made for the LTI compensation has been adjusted based on the assessment of the business performance over a multi-year period. Such an adjustment is in accordance with Swiss GAAP FER, requiring that the related expenses must be allocated over the program's vesting period which can lead to adjustments within individual fiscal years.

The total variable compensation for the individual members of the current Executive Management for the period under review ranged from 36% to 48% of total compensation.

Payments to former members of the Executive Management

To the former CEO, compensation in the amount of CHF 56'000 was paid to support the transition period of the new CEO. Additionally, in line with the LTI plan rules the final tranche granted to the former CEO in the amount of CHF 203'000 (gross, including social security contributions) will be due for payment, following and subject to shareholder approval at the AGM 2023.

No other payments were made to former members of the Executive Management or their closely related parties.

Compensation Report

Aggregate amount of variable compensation for the Executive Management for fiscal year fiscal year 2022 subject to approval at the AGM

For the fiscal year 2022 the total amount of CHF 1'525'000 (gross, including social security contributions and other benefits) has been allocated. This includes the amount of CHF 1'322'000 for the Executive Management and the amount of CHF 203'000 for a former member of the Executive Management.

5. Overview of shareholdings and distributed shares

5.1. Detailed overview of distributed shares

In the fiscal years 2022 and 2021 the following shares were distributed:

Name	Function	Shares distributed in FY 2022	Shares distributed in FY 2021
Members of the Board of Directors			
Ton Büchner	Chair	86	98
Urs Leinhäuser	Member	38	44
Dr. Monika Krüsi	Member	38	44
Dr. Stephan Bross	Member	38	44
David Dean	Member	38	44
Maria Teresa Vacalli ¹	Member	0	n/a
Total		238	274
Executive Management			
Fabrice Billard ²	CEO	0	0
Marcel Pawlicek ³	Former CEO	n/a	0
Other members of the Executive Management		0	0
Total⁴		0	0
Total Board of Directors and Executive Management		238	274

¹From July 2, 2022

²From April 1, 2022 appointed CEO

³Until March 31, 2022 former CEO in office

⁴Shares have not been allocated or distributed under the LTI program every year

Compensation Report

5.2. Detailed overview of shareholdings

As per March 31, 2023, the members of the Executive Management and the Board of Directors (and related persons) owned the following numbers of shares of Burckhardt Compression Holding AG:

Name	Function	31.3.2023 Total shares	31.3.2022 Total shares
Members of the Board of Directors			
Ton Büchner	Chair	5'184	5'098
Urs Leinhäuser	Member	1'796	1'758
Dr. Monika Krüsi	Member	1'201	1'163
Dr. Stephan Bross	Member	431	393
David Dean	Member	490	452
Maria Teresa Vacalli ¹	Member	0	n/a
Total		9'102	8'864
Executive Management			
Fabrice Billard ²	CEO	1'300	1'300
Marcel Pawlicek ³	Former CEO	n/a	37'737
Rolf Brändli	CFO	1'223	1'223
Vanessa Valentin ⁴	CHRO	0	n/a
Rainer Dübi	President Services Division	824	824
Andreas Brautsch ⁵	President Systems Division	0	n/a
Total		3'347	41'084
Total Board of Directors and Executive Management		12'449	49'948
As a % of all outstanding share		0.4	1.5

¹ From July 2, 2022

² From April 1, 2022 appointed CEO. Previously, President Systems Division

³ Until March 31, 2022 former CEO in office

⁴ From June 1, 2022

⁵ From October 1, 2022

6. Transactions with the Board of Directors, the Executive Management and related parties

No other payments or fees for additional services were paid to the members of the Board of Directors or the Executive Management or to related parties during the fiscal year 2022. No sign-on bonuses, loans, or credit lines had been granted to members of the Board of Directors and Executive Management as well as their closely related parties during the fiscal year 2022.

Compensation Report

7. Motions for the Annual General Meeting

7.1. Approval of the maximum aggregate amount of variable compensation for the Executive Management for fiscal year 2022

The Board of Directors proposes that an aggregate amount of CHF 1'525'000 (gross, including social security contributions and other benefits) be approved as variable compensation for current and former members of the Executive Management for fiscal year 2022.

7.2. Consultative vote on the Compensation Report for fiscal year 2022

The Board of Directors proposes that shareholders approve the Compensation Report for fiscal year 2022 in a consultative vote.

7.3 Approval of the maximum aggregate amount of fixed compensation for the members of the Board of Directors for fiscal year 2024

The Board of Directors proposes that a maximum aggregate amount of CHF 890'000 (gross, including social security contributions and other benefits) be approved as fixed compensation for six members of the Board of Directors for fiscal year 2024. This is the same amount as approved by the AGM in 2022 for fiscal year 2023.

7.4. Approval of the maximum aggregate amount of fixed compensation for members of the Executive Management for fiscal year 2024

The Board of Directors proposes that a maximum aggregate amount of CHF 2'400'000 (gross, including social security contributions and other benefits) be approved as fixed compensation for the five members of the Executive Management for fiscal year 2024. This is the same amount as approved by the AGM in 2022 for fiscal year 2023.

8. Evaluation of the compensation system

Burckhardt Compression's compensation system is regularly reviewed by the Nomination and Compensation Committee and the Board of Directors and may be modified if necessary.

A compensation benchmark based on external salary surveys compiled by Willis Towers Watson and presented in its Global 50 Remuneration Planning Report is one element of the integrated compensation system for the Executive Management.

Report of the statutory auditor

to the General Meeting of Burckhardt Compression Holding AG

Winterthur

Report on the audit of the compensation report

Opinion

We have audited the compensation report of Burckhardt Compression Holding AG (the Company) for the year ended 31 March 2023. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) contained in the tables on pages 88 to 89 of the compensation report.

In our opinion, the information on remuneration, loans and advances in the compensation report (pages 88 to 89) complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the compensation report' section of our report. We are independent of the Company 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the audited tables in the compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report 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 a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to



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Compensation Report

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 SA-CH 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 this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG



Sandra Boehm Uglow
Licensed audit expert
Auditor in charge



Kevin Mueller
Licensed audit expert

Winterthur, 5 June 2023



Financial Report

Burckhardt Compression Holding AG's fiscal year 2022 comprises the period from April 1, 2022 to March 31, 2023.

Comments on financial report summary

in CHF '000	2022	2021	Change 2021/2022
Order intake	1'268'270	976'559	29.9%
Sales	829'701	650'698	27.5%
Gross profit	244'467	190'844	28.1%
Operating income (EBIT)	94'963	70'336	35.0%
in % of sales	11.4%	10.8%	
Net income	70'001	50'399	38.9%
Total assets	940'602	837'798	12.3%
Total equity	261'583	242'889	7.7%
Earnings per share attributable to shareholders of Burckhardt Compression Holding AG (in CHF)	20.64	14.82	39.3%
FTEs as per end of fiscal year	2'973	2'732	8.8%

Sales and gross profit

Total sales in the fiscal year 2022 were 27.5% above the previous year at CHF 829.7 mn, with strong growth mainly in Europe and North America, but also in China. Excluding the effects of currency translation and acquisitions, year-on-year sales growth was in total 29.4%. The Systems Division recorded a substantial increase in sales of 31.4% (no impact from acquisitions) to CHF 489.7 mn on the back of the high order intake of the past two years. Proactive measures to expedite the supply chains combined with a certain stabilization of global logistics allowed to deliver large projects in the final weeks of fiscal year 2022, some of them even ahead of schedule. Sales at the Services Division increased by 22.3% (net of acquisitions +20.9%) to CHF 340.0 mn.

Gross profit increased by 28.1% to CHF 244.5 mn, generating a gross profit margin of 29.5% (previous year: 29.3%). The Systems Division reported a growth of 35.1% in gross profit to CHF 96.3 mn, with a resulting gross profit margin of 19.7% (previous year: 19.1%). Gross profit at the Services Division increased by 23.9% to CHF 148.2 mn, resulting in a gross profit margin of 43.6% (previous year: 43.0%).

Operating income

Total operating profit (EBIT) rose by 35.0% to CHF 95.0 mn, yielding an EBIT margin of 11.4% (previous year: 10.8%), despite non-recurring costs of CHF 7.1 mn related to the exit from the Russian market. Selling, marketing and general administrative expenses amounted to CHF 117.0 mn, which is 9.2% (prior year: 10.9%) of order intake, respectively 14.1% (prior year: 16.4%) of sales. Research and development expenses were at 23.9 mn, which is CHF 4.2 mn above the previous year, mainly due to an increase in activities to develop innovative applications for new marine solutions and hydrogen mobility and energy. Other operating income and expenses (net) were at CHF -8.6 mn, including the above mentioned non-recurring expenses. Further details to the divisional results are disclosed in the segment reporting under note 5.

Financial income and tax expenses

Financial expenses decreased by CHF 0.9 mn to CHF 3.8 mn mainly due to higher interest income on bank deposits in some subsidiaries, while debt interest is largely derived from bond financing and is fixed at 1.5%. The income tax expenses amounted to CHF 21.2 mn at a resulting tax rate of 23.2%, same as in the prior year, including withholding tax on internal dividend distribution.

Net income

Group net income increased by 38.9% to CHF 70.0 mn, which is 8.4% of sales (previous year: 7.7%). Earnings per share attributable to shareholders of Burckhardt Compression increased from CHF 14.82 to CHF 20.64 (+39.3%).

Balance sheet

The balance sheet total rose by 12.3% to CHF 940.6 mn. Property, plant and equipment decreased by 6.1%, due to lower amounts in buildings and other business assets. In line with the steep ramp up in order intake, inventories grew substantially by CHF 93.9 mn to CHF 286.2 mn, mainly in work in progress on ongoing customer projects as per closing date. Trade accounts receivable ended the fiscal year at CHF 245.5 mn, 5.2% below the prior-year level. The aging structure of the accounts receivable overdue more than 60 days improved to 19.1% (prior year: 30.0%). The balance between advance payments from customers compared to work in progress and advance payments to suppliers ended the year at CHF 60.7 mn (previous year: CHF 52.0 mn), as a result of the further increase in orders received. The equity ratio closed at 27.8% (prior year: 29.0%), which is below our ambition level of 30%. This can be attributed to the volume induced inflation of the balance sheet with a strong increase in advance payments from customer and work in progress for customer projects as per closing date as well as the relatively high amount of cash on the one hand, while we carry a bond with a term until September 2024 on the balance sheet. Total net operating assets increased by 3.2% compared to the previous year to CHF 283.5 mn.

Cash flow

Cash and cash equivalents increased by CHF 28.1 mn, similar to the previous year (CHF +25.6 mn) to CHF 129.1 mn in fiscal year 2022, with a lower cash inflow from operating activities but lower cash outflow for investing and financing activities. The net financial position (net debt) strongly improved from CHF -56.8 mn to CHF -71 mn.

Consolidated income statement

in CHF 1'000	Notes	2022	2021
Sales	5	829'701	650'698
Cost of goods sold		-585'234	-459'854
Gross Profit		244'467	190'844
Selling and marketing expenses		-62'742	-57'188
General and administrative expenses		-54'277	-49'735
Research and development expenses	7	-23'897	-19'698
Other operating income	8	30'245	23'957
Other operating expenses	8	-38'833	-17'844
Operating income		94'963	70'336
Financial income and expenses	9	-3'805	-4'746
Earnings before taxes		91'158	65'590
Income tax expenses	10	-21'157	-15'191
Net income		70'001	50'399
Share of net income attributable to shareholders of Burckhardt Compression Holding AG		69'942	50'244
Share of net income attributable to non-controlling interests		59	155
Basic earnings per share (in CHF)	11	20.64	14.82
Diluted earnings per share (in CHF)	11	20.64	14.82

The enclosed notes are an integral part of the consolidated financial statements.

Consolidated balance sheet

in CHF 1'000	Notes	03/31/2023	03/31/2022
Non-current assets			
Intangible assets	12	11'744	13'460
Property, plant and equipment	13	172'039	183'236
Deferred tax assets	10	17'915	16'225
Other assets	14	3'735	4'077
Total non-current assets		205'433	216'998
Current assets			
Inventories	15	286'246	192'362
Trade receivables	16	245'545	258'983
Other current receivables	17	68'522	65'177
Prepaid expenses and accrued income		5'777	3'262
Cash and cash equivalents		129'079	101'016
Total current assets		735'169	620'800
Total assets		940'602	837'798
Equity			
Share capital	18	8'500	8'500
Capital reserves		574	525
Treasury shares	18	-15'772	-2'136
Retained earnings and other reserves		267'882	235'450
Equity attributable to shareholders of Burckhardt Compression Holding AG		261'184	242'339
Non-controlling interests		399	550
Total equity		261'583	242'889
Liabilities			
Non-current liabilities			
Non-current financial liabilities	19	132'000	128'881
Deferred tax liabilities	10	14'246	11'502
Non-current provisions	20	11'901	12'920
Other non-current liabilities	21	3'044	3'306
Total non-current liabilities		161'191	156'609
Current liabilities			
Current financial liabilities	19	4'214	28'925
Trade payables		109'073	97'263
Customers' advance payments	15	222'849	162'656
Other current liabilities	22	40'505	36'131
Accrued liabilities and deferred income	23	108'363	84'853
Current provisions	20	32'824	28'472
Total current liabilities		517'828	438'300
Total liabilities		679'019	594'909
Total equity and liabilities		940'602	837'798

The enclosed notes are an integral part of the consolidated financial statements.

Consolidated cash flow statement

in CHF 1'000	Notes	2022	2021
Cash flow from operating activities			
Net income		70'001	50'399
Income tax expenses	10	21'157	15'191
Financial income and expenses	9	3'805	4'746
Depreciation	13	17'981	16'775
Amortization	12	3'788	3'232
Change in inventories		-86'565	-41'350
Change in trade receivables		585	1'611
Change in other current assets		-9'922	-10'837
Change in trade payables		17'058	4'839
Change in customers' advance payments		50'625	70'382
Change in provisions		4'940	874
Change in other liabilities		32'662	30'874
Change in provision in equity		4'288	4'395
Adjustment for non-cash items		1'329	-484
Interest received		1'028	57
Interest paid		-3'324	-2'432
Income taxes paid	10	-18'804	-13'513
Total cash flow from operating activities		110'632	134'759
Cash flow from investing activities			
Purchase of property, plant and equipment	13	-16'175	-17'662
Sale of property, plant and equipment		4'165	520
Purchase of intangible assets	12	-4'282	-5'115
Sale of financial assets		3'208	-
Acquisition of group companies net of cash acquired	4	-	-11'820
Total cash flow from investing activities		-13'084	-34'077
Cash flow from financing activities			
Increase in financial liabilities		3'887	22'350
Decrease in financial liabilities		-25'779	-22'640
Purchase of treasury shares	18	-13'695	-
Acquisition of non-controlling interests	4	-	-51'500
Dividends paid		-25'597	-22'152
Total cash flow from financing activities		-61'184	-73'942
Currency translation differences on cash and cash equivalents		-8'301	-1'094
Net change in cash and cash equivalents		28'063	25'646
Cash and cash equivalents at beginning of period		101'016	75'370
Cash and cash equivalents at end of period		129'079	101'016
Net change in cash and cash equivalents		28'063	25'646

The enclosed notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

in CHF 1'000	Share capital	Capital reserves	Treasury shares	Hedge reserve	Translation reserve	Goodwill offset	Other retained earnings	Equity attributable to shareholders of Burckhardt Compression Holding AG	Non-controlling interests	Total equity
Balance at 04/01/2021	8'500	486	-2'206	-242	-3'129	-146'707	362'402	219'104	499	219'603
Result for the period							50'244	50'244	155	50'399
Currency translation differences					-1'905			-1'905	11	-1'894
Changes of cash flow hedges				1'836				1'836		1'836
Dividends paid							-22'037	-22'037	-115	-22'152
Changes in treasury shares										
Share-based payments (distributed)		39	70				-109			
Share-based payments (provision in equity)							4'395	4'395		4'395
Goodwill on acquisition ¹						-9'298		-9'298		-9'298
Balance at 03/31/2022	8'500	525	-2'136	1'594	-5'034	-156'005	394'895	242'339	550	242'889
Balance at 04/01/2022	8'500	525	-2'136	1'594	-5'034	-156'005	394'895	242'339	550	242'889
Result for the period							69'942	69'942	59	70'001
Currency translation differences					-17'644			-17'644	-43	-17'687
Changes of cash flow hedges				1'384				1'384		1'384
Dividends paid							-25'430	-25'430	-167	-25'597
Changes in treasury shares			-13'695					-13'695		-13'695
Share-based payments (distributed)		49	59				-108			
Share-based payments (provision in equity)							4'288	4'288		4'288
Balance at 03/31/2023	8'500	574	-15'772	2'978	-22'678	-156'005	443'587	261'184	399	261'583

¹ See note 4 "Business Combinations and Other Changes in the Scope of Consolidation"

The enclosed notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1. General information

Burckhardt Compression is a manufacturer and service provider for a full range of reciprocating compressor technologies and services. Its customized compressor systems are used in the petrochemical, chemical, gas transport and storage, hydrogen mobility and energy, industrial gas, refinery and gas gathering & processing sectors. Burckhardt Compression's leading technology, broad portfolio of compressor components and the full range of services help customers around the world to find their optimized solution for their reciprocating compressor systems.

Burckhardt Compression Holding AG is a company limited by shares incorporated and domiciled in Switzerland. The address of its registered office is: Franz-Burckhardt-Strasse 5, 8404 Winterthur, Switzerland. Burckhardt Compression registered shares (BCHN) are listed on the SIX Swiss Stock Exchange in Zurich (ISIN: CH0025536027).

Burckhardt Compression Holding AG's fiscal year 2022 comprises the period from April 1, 2022 to March 31, 2023. These consolidated financial statements were authorized for issue by the Board of Directors on June 5, 2023 and will be submitted to shareholders for approval at the annual general meeting scheduled for July 1, 2023.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements of Burckhardt Compression Holding AG have been prepared in accordance with the entire Swiss GAAP FER accounting and reporting standards. In addition, the provisions of the Listing Rules of the SIX Swiss Exchange and Swiss accounting law were complied with. The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated in the following consolidation and accounting policies.

2.2 Use of judgments and estimates

These consolidated financial statements include estimates and assumptions that affect the reported figures and related disclosures. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

2.3 Principles of consolidation

The consolidated financial statements include all entities where Burckhardt Compression Holding AG has the power to control the financial and operating policy, usually as a result of directly or indirectly owning more than 50% of the voting rights. All of the assets and liabilities as well as the income and expenses of these companies are fully included. Non-controlling interests are presented separately in the balance sheet and the income statement. Intercompany transactions, balances and unrealized gains or losses on transactions between group companies are eliminated. Group companies are disclosed in note 32.

Acquired companies are fully consolidated from the date on which control was effectively transferred.

When a company is acquired in a step up acquisition, the existing interest is revalued at the time when the company is first consolidated. The revaluation of shares previously owned is offset against retained earnings. Companies which have been divested are included in the consolidated financial statements until the date on which control ceased. Capital consolidation is based on the acquisition method (purchase method). At the time of the acquisition, all previously recognized assets and liabilities of the company are initially valued at fair value. Acquisition-related costs are expensed as incurred. The net assets acquired are compared with the purchase price, and any resulting goodwill is directly offset against equity. In the notes to the financial statements, the effects of a theoretical capitalization and any impairment are shown using an amortization period of five years. In the event of a possible subsequent sale, the goodwill offset against shareholders' equity at the time of the acquisition is recognized in the income statement against the proceeds of the sale.

Associates are those entities in which Burckhardt Compression has significant influence, but no control, over the financial and operating policies. Significant influence is generally presumed to exist when Burckhardt Compression holds, directly or indirectly, between 20% and 50% of the voting rights. Associates are accounted for using the equity method. The proportionate share of net income is shown in the consolidated income statement. As of March 31, 2023 Burckhardt Compression does not hold any Associates.

Financial Report

2.4 Foreign currency translation

The consolidated financial statements of Burckhardt Compression are prepared in Swiss francs (CHF).

Foreign currency translation at company level

Foreign currency transactions are recorded at the exchange rate of the transaction date. Monetary assets and liabilities which are denominated in foreign currencies are translated at period-end exchange rates. Resulting translation differences are recorded in the income statement.

Foreign currency translation for consolidation purposes

Assets and liabilities of foreign subsidiaries are translated into CHF using period-end exchange rates. Average exchange rates are used for the translation of the income statements. Translation differences arising from the consolidation of financial statements are recorded as a separate component of equity. Likewise, exchange differences arising on inter-company loans with equity character are directly recorded in equity.

Major foreign currency exchange rates

	Average rates		Period-end rates	
	2022	2021	03/31/2023	03/31/2022
1 EUR	0.99	1.07	1.00	1.03
1 USD	0.95	0.92	0.92	0.92
100 CNY	13.93	14.31	13.33	14.58

2.5 Impairment of assets

All non-current assets are tested for impairment when indicators exist that the carrying amount of the asset might exceed its recoverable amount. Where the carrying amount of an asset is higher than the recoverable amount, the asset is impaired to its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Impairment tests are performed based on discounted cash flows at the level of the corresponding cash-generating units, representing the lowest level at which such assets are evaluated for recoverability.

2.6 Intangible assets and goodwill

Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. The estimated useful life for software generally amounts to three to five years. Internal costs associated with developing or maintaining software are recognized as an expense as incurred. Other intangible assets are recorded at acquisition or production costs less accumulated amortization. The amortization expense is calculated on a straight-line basis over the estimated useful life of the asset. Goodwill resulting from acquisitions is offset against equity at the date of acquisition. The consequences of a theoretical capitalization and amortization of goodwill (using an amortization period of five years) are disclosed in note 12.

2.7 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. They are depreciated on a straight-line basis over their estimated useful lives. Land is stated at cost and is not depreciated, except land use rights in China, which are depreciated over their useful lives. The estimated useful lives are as follows:

- Buildings: 20 to 50 years
- Machinery: 5 to 15 years
- Technical equipment: 5 to 10 years
- Land use rights in China: maximum 40 years
- Other non-current assets: maximum 5 years

2.8 Other assets

Other assets include loans and long-term rental deposits. Furthermore, other assets also include costs incurred from cloud computing arrangements. Cloud computing arrangements are capitalized on the basis of the costs incurred to acquire and bring to use the specific cloud computing solution. The costs relating to the cloud computing arrangements are distributed on a straight-line basis over the estimated useful life of five to ten years. Internal costs regarding the development and maintenance of these arrangements are recognized as an expense as incurred.

2.9 Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of work in progress and finished goods comprises material costs, direct and indirect production costs and other order-related production costs. Inventories are stated at weighted average costs or standard costs based on their type and use. Valuation allowances are recognized for slow-moving and excess inventory items.

Inventories are presented net of advance payments received from customers on a project-by-project basis, if they do not include a right of clawback. Negative contract balances after offsetting are presented as customers' advance payments.

2.10 Trade and other current receivables

Trade receivables and other current receivables are stated at nominal value less valuation allowances for doubtful amounts. Impairments are assessed case by case. An impairment loss is recognized when there is objective evidence that Burckhardt Compression will not be able to collect the full amount due, such as substantial financial problems of the customer or a declaration of bankruptcy.

2.11 Cash and cash equivalents

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

2.12 Financial liabilities

Financial liabilities mainly consist of bank debts and a bond. They are recognized at their nominal value. Borrowing related costs are expensed as incurred in the income statement.

2.13 Provisions

Provisions are recognized for warranty obligations, unprofitable contracts, personnel expenses and various commercial risks where Burckhardt Compression has an obligation towards third parties arising from past events, the amount of the liability can be reliably measured and it is probable that the settlement will result in an outflow of resources. The amount of the provisions is based on the expected expenditures required to cover all obligations and liabilities.

2.14 Treasury shares

Treasury shares are stated at acquisition cost and deducted from equity. No subsequent valuation is made. If the treasury shares are disposed of, the resulting gain or loss is recognized as an addition to or a reduction of capital reserves.

2.15 Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in a loss of control are treated as a transaction with shareholders of Burckhardt Compression. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and the non-controlling interests. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within the equity attributable to shareholders of Burckhardt Compression. The related cash flows are presented as financing activities in the cash flow statement.

2.16 Government grants

Grants from governments or similar organizations are recognized at their nominal value when there is reasonable assurance that the grant will be received, and Burckhardt Compression will comply with all attached conditions.

Government grants related to income are deferred and recognized as income over the period necessary to match them with the related costs which they are intended to compensate. Government grants related to assets are deducted directly from the carrying amount of the asset which they are intended to compensate.

2.17 Derivative financial instruments

Burckhardt Compression uses derivative financial instruments to mitigate currency risks. The risk management policy is described in note 3. The derivative financial instruments are recognized at fair value. Where such derivative financial instruments are linked to specific projected transactions and cash flows, the hedging is deemed to be effective and documented accordingly, changes in the fair value of the cash flow hedges are recognized in equity as long as the hedged item has not been recognized on the balance sheet. Otherwise, the gain or loss relating to fair value changes of the derivative financial instruments is recognized immediately in the income statement as part of other operating income or other operating expenses.

2.18 Revenue recognition

Burckhardt Compression recognizes revenue from the sale of goods and the provision of services once the contract is completed, net of sales or value-added taxes, credits, discounts, and rebates. Revenue and the corresponding cost of goods sold are recorded in the accounts when the risks and rewards have transferred to the customers or the contracted service has been performed, according to the agreed sales conditions. The following conditions must be met:

- A contractually-agreed sales price exists or can be reliably estimated.
- Collection of the payment is reasonably assured.
- The costs (including those yet to be incurred) can be reliably measured.

2.19 Research and development

Research and development costs are expensed as incurred.

2.20 Income taxes

Income tax expenses include all income tax on the taxable profits of the group. Deferred income tax is recorded in full using the liability method. Deferred income tax assets and liabilities arise on temporary differences between the carrying amounts of assets and liabilities under Swiss GAAP FER and their related tax values. The tax rates and laws enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. Deferred income tax assets result from tax loss carry-forwards, tax credits as well as temporary valuation differences of assets and liabilities. They are recognized to the extent that realization through future taxable profits is probable.

2.21 Off-balance-sheet transactions

Contingent liabilities and other non-recognizable commitments are valued and disclosed on each balance sheet date.

2.22 Share-based payments

Share-based payments with compensation through equity instruments are valued at fair value at the grant date. The corresponding personnel expenses are distributed over the vesting periods.

2.23 Employee benefits

There are various pension plans within Burckhardt Compression based on local conditions in their respective countries. An economic obligation is recognized as a liability if the requirements for the recognition of a provision are met under Swiss GAAP FER. An economic benefit is capitalized provided that Burckhardt Compression is entitled to such benefit in the future, for example, to offset future pension expenses.

For Swiss pension plans, economic benefits and/or economic obligations are determined on the basis of the annual financial statements of the pension funds prepared in accordance with Swiss GAAP FER 26. Freely available employer contribution reserves are recognized as financial asset. For foreign plans, the economic impact is determined according to country-specific methods.

2.24 Alternative performance measures

Alternative Performance Measures are key figures not defined by Swiss GAAP FER. Burckhardt Compression uses alternative performance measures as guidance parameters for both internal and external reporting to stakeholders. For the definition of Alternative Performance Measures please visit <https://www.burckhardtcompression.com/investors/reports-financial-results/key-figures>.

3. Financial risk management

Basic principles

The goal of the group-wide risk management policy is to minimize the negative impact of changes in the financing structure and financial markets, particularly with regard to currency fluctuations. Derivative financial instruments such as foreign exchange contracts may be used to address the respective risks. Burckhardt Compression pursues a conservative, risk-averse financial policy. Financial risk management is based on the principles and regulations established by the Board of Directors. These govern Burckhardt Compression's financial policy and outline the conduct and powers of the group's treasury department, which is responsible for the group-wide management of financial risks. The financial principles and regulations govern areas such as financing policy, the management of foreign currency risk, the use of derivative financial instruments and the investment policy applicable to financial resources not required for operational purposes.

Liquidity risks

Each Burckhardt Compression group company is responsible for managing its liquidity so that day-to-day business can be handled smoothly, while the group treasury is responsible for maintaining the group's overall liquidity. Some of the group subsidiaries may secure loans from local creditors within the limits approved by the group management. The group treasury provides the local group companies with the necessary funds or invests their excess liquidity. The group treasury maintains sufficient liquidity reserves and open credit and guarantee lines to fulfill the financial obligations at all times.

The actual and future cash flows and cash reserves are compiled monthly in a rolling liquidity forecast. The Executive Management and the Board of Directors are informed about the liquidity situation and outlook with the regular financial reporting.

Currency risks

Burckhardt Compression hedges all major USD-denominated sales transactions of its non-US entities to the extent that such transactions are not fully or partially naturally hedged. EUR-denominated sales and purchase transactions of the Swiss company are fairly evenly balanced when viewed over a period of 1–2 years and are therefore, to a certain extent, naturally hedged at the net profit level over said period. These foreign-exchange flows are regularly monitored by the group treasury; if there is evidence of a sustained shift in these flows, major sales and purchase transactions will be hedged on a case-by-case basis. For this, the group treasury normally uses forward exchange contracts. The other companies belonging to Burckhardt Compression group may, after consultation with group treasury, hedge the foreign-exchange risks of their sales and purchase transactions through local qualified institutions or group treasury, the objective being the optimization of the net profit of each group company as reported in its functional local currency. The group management regularly monitors the changes in the most important currencies and may adjust the hedging policy accordingly in the future. As a globally active corporation, Burckhardt Compression is also exposed to currency risks resulting from the translation into Swiss francs of items in the balance sheets of the foreign group companies. Burckhardt Compression does not hedge these translation risks.

Credit risks

Credit risk in respect of trade receivables is limited due to the diverse nature and quality of the customer base. Such risk is minimized by means of regular credit checks, advance payments, letters of credit and other tools. There is no concentration of customer-related risks within Burckhardt Compression Group as the most important cus-

tomers in the project business, which account for a large share of Burckhardt Compression's overall business, vary from one year to the next. In past years Burckhardt Compression experienced no major impairments of receivables.

Credit risks of banks and financial institutions are monitored and managed centrally. Generally, only independently rated parties with a strong credit rating are accepted, and the total volume of transactions is split among several banks to reduce the individual risk with one bank.

Interest rate risks

Interest rate risks arise from fluctuations in interest rates which could have a negative impact on the financial position of Burckhardt Compression. Assets and liabilities at variable rates expose Burckhardt Compression to cash flow interest rate risk.

Capital risks

The capital managed by Burckhardt Compression is its consolidated equity. With regard to its capital management policies, Burckhardt Compression seeks to secure the continuation of its business activities, to achieve an acceptable return for the shareholders and to finance the growth of the business to a certain extent from own cash flow. In order to achieve these objectives Burckhardt Compression can adjust the dividend payments, repay share capital, issue new shares or divest parts of the assets, subject to approval by the general assembly, where applicable.

4. Business combinations and other changes in the scope of consolidation

Shenyang Yuanda Compressor Co. Ltd. (China)

On March 11, 2022, the remaining payment of CHF 51.5 mn (deferred consideration) was made for the acquisition of the remaining 40% of the shares of Shenyang Yuanda Compressor Co. Ltd. The acquisition of the 40% minority interest took place in fiscal year 2020.

Mark van Schaick BV (Netherlands)

On December 21, 2021, Burckhardt Compression AG acquired 100% of the shares in Mark van Schaick BV, a company based in Rotterdam, Netherlands. The company has more than 20 years of experience in machining and is a leader in servicing complex repairs such as crankshafts.

With the acquisition of Mark van Schaick BV, Burckhardt Compression specifically complements its repair and service capabilities in Europe and further expands its presence in the service business for reciprocating compressors. Burckhardt Compression hereby also gains highly specialized machining expertise and repair capabilities for the global customer base in the maritime and petrochemical industry.

The following table shows the fair value of assets and liabilities acquired at the acquisition date and the goodwill arising from this transaction.

in CHF '000	
Property, Plant and Equipment	2'898
Inventories	7
Trade receivables and other receivables	955
Prepaid expenses and other current assets	35
Current liabilities	-3'543
Non-Current liabilities	-188
Net assets/liabilities acquired at fair value	164
Goodwill from acquisition	9'298
Total purchase price	9'462
Less cash and cash equivalents acquired	-
Net cash outflow on acquisition	9'462

Financial Report

The Japan Steel Works Ltd. (Japan)

On July 5, 2021, the remaining payment of CHF 2.4 mn (deferred consideration) was made for the acquisition of the global compressor business from the Japan Steel Works Ltd. (JSW), Japan. The acquisition took place in fiscal year 2020.

5. Segment reporting

Systems Division

Burckhardt Compression's Systems Division covers a complete range of reciprocating compressor technologies. Its customized compressor systems are used in the petrochemical, chemical, gas transport and storage, hydrogen mobility and energy, industrial gas, refinery and gas gathering & processing sectors. Depending on the customers' needs, Burckhardt Compression offers solutions to minimize life cycle costs of the reciprocating compressor systems or solutions to minimize the capital expenditure.

Services Division

Burckhardt Compression's Services Division is a one-stop provider of a full range of services for reciprocating compressors and stands for top-quality, high-performance components for all makes of reciprocating compressors, as replacement parts, or to repair or upgrade existing installations. Original spare parts backed by Burckhardt Compression's manufacturing guarantees stand for superior quality and ensure together with various complementary service modules both low life cycle costs as well as the optimal operation of compressor systems.

Others

Certain expenses related to the corporate center are not attributable to a particular segment. They are reported in the column "Others". Furthermore, "Others" includes real estate income and expenses as well as expenses for strategic projects.

	Systems Division		Services Division		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Sales	489'663	372'657	340'038	278'041	-	-	829'701	650'698
Cost of goods sold	-393'358	-301'384	-191'876	-158'470	-	-	-585'234	-459'854
Gross profit	96'305	71'273	148'162	119'571	-	-	244'467	190'844
Gross profit as % of sales	19.7%	19.1%	43.6%	43.0%	-	-	29.5%	29.3%
Operating income	30'294	21'108	75'041	58'353	-10'372	-9'125	94'963	70'336
Operating income as % of sales	6.2%	5.7%	22.1%	21.0%	-	-	11.4%	10.8%

Financial Report

Geographic information

in CHF 1'000	2022	2021
Sales by customer location		
Europe	275'816	177'546
Africa	5'217	4'174
North America	105'576	73'603
South America	6'626	11'148
Middle East	25'259	49'391
China	291'483	240'334
Other Asia & Australia	119'724	94'502
Total	829'701	650'698

in CHF 1'000	2022	2021
Capital expenditure for property, plant and equipment		
Europe	9'163	9'324
Africa	32	27
North America	2'353	562
South America	22	28
Middle East	55	87
China	2'073	3'395
Other Asia & Australia	1'070	804
Total	14'768	14'227

6. Personnel expenses

in CHF 1'000	2022	2021
Wages and salaries	-197'875	-173'249
Social security and pension expenses	-41'572	-34'758
Other personnel expenses	-24'589	-19'597
Total personnel expenses	-264'036	-227'604

7. Research and development expenses

In the fiscal year 2022, Research and Development activities focused on the development of new and standardized solutions for the hydrogen market. Furthermore, we centered our activities to further enhance our marine solutions with increased customer value as well as on adapting our PCI portfolio to the latest market requirements.

8. Other operating income and expenses

in CHF '000	2022	2021
Currency exchange gains	17'224	7'022
Other operating income	13'021	16'935
Total other operating income	30'245	23'957
Currency exchange losses	-21'469	-7'683
Other operating expenses	-17'364	-10'161
Total other operating expenses	-38'833	-17'844
Total other operating income and expenses	8'588	6'113

Other operating income includes real estate income of CHF 6.8 mn (prior year: CHF 6.9 mn).

Other operating expenses include real estate expenses amounting to CHF 3.6 mn (prior year: CHF 3.7 mn) and one-off costs and provisions in amount of CHF 7.1 mn for write-offs and other costs relating to the exit from the Russian market.

9. Financial income and expenses

in CHF '000	2022	2021
Interest expenses	-3'402	-3'361
Interest income	1'125	350
Other financial income (+) and expenses (-)	-1'528	-1'735
Total financial income and expenses	-3'805	-4'746

Other financial income and expenses include the currency exchange gains and losses on intercompany loans.

10. Income taxes

Income tax expenses

in CHF '000	2022	2021
Current income tax expenses	-21'003	-16'221
Deferred income tax income (+) and expenses (-)	-154	1'030
Total income tax expenses	-21'157	-15'191

Reconciliation of income tax expenses

in CHF '000	2022	2021
Earnings before taxes	91'158	65'590
Weighted average tax rate in %	21.8%	22.5%
Expected income tax expenses at weighted average tax rate	-19'827	-14'728
Effect of non-recognition of tax loss carry forwards	-997	-27
Effect of income tax of prior periods	-109	-1'663
Effect of changes in tax rates	-	-
Effect of Goodwill amortization for tax purposes	659	1'300
Effect of non-deductible expenses / income not subject to tax	-883	-73
Total income tax expenses	-21'157	-15'191
as % of earnings before taxes	23.2%	23.2%

The effective tax rate of Burckhardt Compression Group of 23.2% (prior year: 23.2%) corresponds to the weighted average tax rate based on the profit before income taxes and the tax rate of each group company.

Current income taxes

in CHF '000	2022	2021
Net current income tax liabilities		
Balance as per 04/01/2022 / 04/01/2021	6'026	4'676
Changes in the consolidation scope	-	-
Recognized in the income statement	20'894	14'558
Income taxes paid	-18'804	-13'513
Translation differences	537	305
Balance as per 03/31/2023 / 03/31/2022	8'653	6'026
thereof current tax assets	2'960	2'323
thereof current tax liabilities	11'613	8'349

Financial Report

Deferred income taxes

in CHF 1'000	2022	2021
Net deferred income tax liabilities		
Balance as per 04/01/2022 / 04/01/2021	-4'723	-3'417
Changes in the consolidation scope	-	-
Recognized in the income statement	154	-1'030
Recognized in equity	710	119
Translation differences	190	-395
Balance as per 03/31/2023 / 03/31/2022	-3'669	-4'723
thereof deferred tax assets	17'915	16'225
thereof deferred tax liabilities	14'246	11'502

Tax loss carry forwards

in CHF 1'000	03/31/2023	03/31/2022
Expiring in the next 3 years	-	2'389
Expiring in 4 years or later	49'725	43'457
Total tax loss carry forwards	49'725	45'846
Potential deferred tax assets from tax loss carry forwards	11'445	10'302
Effect of non-recognized tax loss carry forwards	-7'179	-5'507
Effective deferred tax assets from tax loss carry forwards	4'266	4'795

11. Earnings per share

	2022	2021
Net income attributable to the shareholders of Burckhardt Compression Holding AG (in CHF 1'000)	69'942	50'244
Average number of outstanding shares	3'388'306	3'390'572
Earnings per share (CHF)	20.64	14.82

The average number of outstanding shares is calculated based on the issued shares minus the weighted average number of treasury shares. There are no conversion rights or option rights outstanding; therefore, there is no potential dilution of earnings per share.

12. Intangible assets

Acquisition costs

in CHF 1'000					in CHF 1'000				
	Software	Other intangible assets	Intangible assets under construction	2022 Total	Software	Other intangible assets	Intangible assets under construction	2021 Total	
Balance as per 04/01/2022 / 04/01/2021	34'721	687	5'674	41'082	32'904	685	3'431	37'020	
Changes in the consolidation scope	-	-	-	-	-	-	-	-	
Additions	1'124	64	3'292	4'480	453	3	4'659	5'115	
Disposals	-1'580	-39	-44	-1'663	-	-	-731	-731	
Reclassifications	452	80	-4'435	-3'903	1'693	-	-1'693	-	
Currency translation differences	-293	-53	-36	-382	-329	-1	8	-322	
Balance as per 03/31/2023 / 03/31/2022	34'424	739	4'451	39'614	34'721	687	5'674	41'082	

Accumulated amortization

in CHF 1'000					in CHF 1'000				
	Software	Other intangible assets	Intangible assets under construction	2022 Total	Software	Other intangible assets	Intangible assets under construction	2021 Total	
Balance as per 04/01/2022 / 04/01/2021	-27'009	-613	-	-27'622	-24'097	-572	-	-24'669	
Changes in the consolidation scope	-	-	-	-	-	-	-	-	
Additions	-3'726	-62	-	-3'788	-3'187	-45	-	-3'232	
Disposals	1'578	35	-	1'613	-	-	-	-	
Reclassifications	1'651	-	-	1'651	-	-	-	-	
Currency translation differences	233	43	-	276	275	4	-	279	
Balance as per 03/31/2023 / 03/31/2022	-27'273	-597	-	-27'870	-27'009	-613	-	-27'622	

Net book value

in CHF 1'000					in CHF 1'000				
	Software	Other intangible assets	Intangible assets under construction	2022 Total	Software	Other intangible assets	Intangible assets under construction	2021 Total	
As per 04/01/2022 / 04/01/2021	7'712	74	5'674	13'460	8'807	113	3'431	12'351	
As per 03/31/2023 / 03/31/2022	7'151	142	4'451	11'744	7'712	74	5'674	13'460	

Burckhardt Compression has reclassified costs relating to cloud computing arrangements from Intangible Assets to Other Assets (note 14).

Financial Report

Goodwill

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The theoretical amortization of goodwill is based on the straight-line method and an amortization period of five years. Goodwill from new acquisitions is fixed to Swiss francs using the closing rate at acquisition date. Therefore, there are no exchange rate differences in the movement schedules. The impact of the theoretical capitalization and amortization of goodwill is disclosed below.

in CHF 1'000	2022	2021
Acquisition costs		
Balance as per 04/01/2022 / 04/01/2021	156'005	146'707
Additions from acquisitions	–	9'298
Balance as per 03/31/2023 / 03/31/2022	156'005	156'005
Accumulated amortization		
Balance as per 04/01/2022 / 04/01/2021	–122'404	–111'589
Amortization expense	–10'462	–10'815
Balance as per 03/31/2023 / 03/31/2022	–132'866	–122'404
Net book value		
Theoretical net book value as per 04/01/2022 / 04/01/2021	33'601	35'118
Theoretical net book value as per 03/31/2023 / 03/31/2022	23'139	33'601
Theoretical impact on equity		
Equity as per balance sheet	261'583	242'889
Theoretical capitalization of goodwill	23'139	33'601
Theoretical equity including net book value of goodwill	284'722	276'490
Theoretical impact on net income		
Net income as per income statement	70'001	50'399
Amortization of goodwill	–10'462	–10'815
Theoretical net income after goodwill amortization	59'539	39'584

13. Property, plant & equipment

Acquisition costs

in CHF 1'000	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2022 Total	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2021 Total
Balance as per 04/01/2022 / 04/01/2021	163'959	143'746	34'754	7'882	350'341	157'343	134'846	33'617	6'807	332'613
Changes in the consolidation scope	-	-	-	-	-	-	2'957	-	-	2'957
Additions	854	6'375	2'250	5'289	14'768	271	4'840	1'777	7'339	14'227
Disposals	-3'808	-1'042	-3'074	-224	-8'148	-257	-1'122	-305	-273	-1'957
Reclassifications	1'255	4'525	733	-7'455	-942	7'644	2'701	214	-6'163	4'396
Currency translation differences	-2'840	-3'703	-1'331	-184	-8'058	-1'042	-476	-549	172	-1'895
Balance as per 03/31/2023 / 03/31/2022	159'420	149'901	33'332	5'308	347'961	163'959	143'746	34'754	7'882	350'341

Accumulated depreciation

in CHF 1'000	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2022 Total	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2021 Total
Balance as per 04/01/2022 / 04/01/2021	-39'678	-102'139	-25'288	-	-167'105	-35'356	-94'681	-22'496	-	-152'533
Changes in the consolidation scope	-	-	-	-	-	-	-	-	-	-
Additions	-4'940	-9'309	-3'732	-	-17'981	-4'576	-8'749	-3'450	-	-16'775
Disposals	1'231	972	2'976	-	5'179	8	992	271	-	1'271
Reclassifications	-	251	-251	-	-	-	-	-	-	-
Currency translation differences	806	2'184	995	-	3'985	246	299	387	-	932
Balance as per 03/31/2023 / 03/31/2022	-42'581	-108'041	-25'300	-	-175'922	-39'678	-102'139	-25'288	-	-167'105

Net book value

in CHF 1'000	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2022 Total	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2021 Total
As per 04/01/2022 / 04/01/2021	124'281	41'607	9'466	7'882	183'236	121'987	40'165	11'121	6'807	180'080
As per 03/31/2023 / 03/31/2022	116'839	41'860	8'032	5'308	172'039	124'281	41'607	9'466	7'882	183'236

14. Other assets

Other assets mainly include rental deposits and capitalized costs relating to cloud computing arrangements.

15. Inventories

in CHF 1'000	03/31/2023	03/31/2022
Raw materials, supplies and consumables	69'990	44'022
Work in progress	120'549	82'858
Finished products and trade merchandise	76'228	55'517
Advance payments to suppliers	41'616	27'846
Valuation allowance	-22'137	-17'881
Total inventories	286'246	192'362

The capital invested in work in progress and advance payments to suppliers is fully financed by advance payments from customers, leaving a positive balance as of March 31, 2023 of CHF 60.7 mn (prior year: CHF 52.0 mn).

Burckhardt Compression presents inventories and customers' advance payments on a net basis. The offsetting impact is illustrated in the table below.

in CHF 1'000	03/31/2023		03/31/2022	
	Inventories	Customers' advance payments	Inventories	Customers' advance payments
Gross amounts	381'332	317'935	266'444	236'738
Offsetting of customers' advance payments	95'086	95'086	74'082	74'082
Net amounts reported in the consolidated balance sheet	286'246	222'849	192'362	162'656

16. Trade receivables

in CHF 1'000	03/31/2023	03/31/2022
Trade receivables, gross	269'997	274'273
Allowance for bad debts	-24'452	-15'290
Trade receivables, net	245'545	258'983

Financial Report

in CHF 1'000	2022	2021
Allowance for bad debts		
Balance as per 04/01/2022 / 04/01/2021	-15'290	-10'703
Changes in the consolidation scope	-	-
Additions	-11'125	-5'576
Release	738	952
Utilization	4	261
Currency translation adjustments	1'221	-224
Balance as per 03/31/2023 / 03/31/2022	-24'452	-15'290

The allowance for bad debts at the end of the 2022 and 2021 fiscal years was entirely related to accounts receivables which were more than 90 days overdue as per closing date.

in CHF 1'000	03/31/2023	%	03/31/2022	%
Maturity profile of trade receivables				
Not due	166'386	67.8	140'546	54.3
Overdue 1–30 days	20'374	8.3	23'464	9.1
Overdue 31–60 days	11'949	4.8	17'247	6.6
Overdue 61–90 days	2'470	1.0	12'409	4.8
Overdue more than 90 days	44'366	18.1	65'317	25.2
Balance as per 03/31/2023 / 03/31/2022	245'545	100.0	258'983	100.0

Trade receivables overdue more than 90 days are mainly related to projects in China.

17. Other current receivables

in CHF 1'000	03/31/2023	03/31/2022
Notes receivable	11'790	12'295
VAT receivables	7'568	7'483
Derivative financial instruments	5'207	3'330
Current tax assets	2'960	2'323
Other current receivables	40'997	39'746
Total other current receivables	68'522	65'177

Other current receivables include the outstanding government grants in connection with the completed relocation project of Shenyang Yuanda Compressor Co. Ltd in China.

18. Share capital and treasury shares

	03/31/2023	03/31/2022
Number of shares issued	3'400'000	3'400'000

The nominal value per share amounts to CHF 2.50. All shares are registered shares and are paid in full. The break-down of equity into its individual components is shown in the statement of changes in equity.

The board of Directors is empowered to increase the company's share capital by a maximum of CHF 850'000 at any time until June 30, 2024 by issuing a maximum of 340'000 fully paid registered shares with a nominal value of CHF 2.50 each (authorized capital).

At the upcoming annual general meeting of shareholders on July 1, 2023, the Board of Directors of Burckhardt Compression Holding AG will propose a dividend for the 2022 fiscal year of CHF 12.00 (prior year: CHF 7.50).

As of March 31, 2023, non-distributable reserves amounted to CHF 1.7 mn (prior year: CHF 1.7 mn).

	03/31/2023	03/31/2022
Number of treasury shares	33'413	9'343

During the fiscal year 2022, 24'327 treasury shares were purchased at an average share price of CHF 563.00 in the amount of CHF 13.7 mn. No treasury shares were purchased in fiscal year 2021.

All treasury shares are held for the share-based long-term incentive program within the Burckhardt Compression Group respectively for the fixed compensation of the board of directors (20% of which paid in shares).

19. Financial liabilities

in CHF '000	03/31/2023	03/31/2022
Non-current financial liabilities	132'000	128'881
Current financial liabilities	4'214	28'925
Total financial liabilities	136'214	157'806

The average effective interest rate amounted to 1.7% in fiscal year 2022 (prior year: 1.3%).

Currencies of financial liabilities

in CHF '000	03/31/2023	03/31/2022
Financial liabilities in CHF	132'029	134'988
Financial liabilities in USD	1'261	20'928
Financial liabilities in other currencies	2'924	1'890
Total financial liabilities	136'214	157'806

Financial Report

Maturities of non-current financial liabilities

in CHF 1'000	03/31/2023	03/31/2022
Due within 2 years	100'692	586
Due within 3 years	290	100'681
Due within 4 years	–	198
Due within 5 years	–	–
Due beyond 5 years	31'018	27'416
Total non-current financial liabilities	132'000	128'881

On September 30, 2020, Burckhardt Compression issued a bond for a total of CHF 100 mn with a coupon of 1.5%. The issue price was 100% of the nominal value. It will be redeemed at par value on September 30, 2024. The bond is listed on the SIX Swiss Exchange.

20. Provisions

in CHF 1'000	Employee-related	Warranties, penalties, unprofitable contracts	Other	2022 Total	Employee-related	Warranties, penalties, unprofitable contracts	Other	2021 Total
Balance as per 04/01/2022 / 04/01/2021	9'111	31'070	1'211	41'392	11'508	26'426	3'118	41'052
Changes in the consolidation scope	–	–	–	–	–	195	–	195
Additions	2'543	12'684	2'798	18'025	1'537	14'470	1'031	17'038
Release	–533	–2'294	–44	–2'871	–664	–487	–236	–1'387
Utilization	–1'060	–8'053	–1'117	–10'230	–2'873	–9'185	–2'719	–14'777
Currency translation differences	–369	–1'089	–133	–1'591	–397	–349	17	–729
Balance as per 03/31/2023 / 03/31/2022	9'692	32'318	2'715	44'725	9'111	31'070	1'211	41'392
Thereof non-current	4'545	7'255	101	11'901	5'271	7'641	8	12'920
Thereof current	5'147	25'063	2'614	32'824	3'840	23'429	1'203	28'472

Employee-related provisions include employee benefit obligations (see note 30), provisions for long-term service awards and ordinary termination benefits.

21. Other non-current liabilities

Other non-current liabilities mainly consist of various government grants in China.

22. Other current liabilities

in CHF 1'000	03/31/2023	03/31/2022
Notes payable	10'887	9'570
VAT payables	3'923	3'987
Derivative financial instruments	1'648	868
Current tax liabilities	11'613	8'349
Other current liabilities	12'434	13'357
Total other current liabilities	40'505	36'131

Other current liabilities mainly consist of various social securities payables as well as various taxes payables such as VAT or withholding taxes.

23. Accrued liabilities and deferred income

in CHF 1'000	03/31/2023	03/31/2022
Contract-related liabilities	73'835	58'451
Vacation and overtime	5'040	4'011
Salary and bonus payments	22'133	14'262
Miscellaneous	7'355	8'129
Total accrued liabilities and deferred income	108'363	84'853

24. Derivative financial Instruments

Burkhardt Compression uses derivative financial instruments to mitigate currency risks. The risk management policy is described in note 3. On the balance sheet, derivative financial instruments are shown as "Other current receivables" and "Other current liabilities".

in CHF 1'000	03/31/2023	03/31/2022
Contract value	263'599	167'506
Positive fair values	5'207	3'330
Negative fair values	1'648	868

25. Contingent liabilities

Guarantees

Burckhardt Compression guarantees essentially for securing customer advance payments and for eventual warranty claims from customers.

The majority of current customer advance payments as well as major warranty exposures are covered either by third party bank guarantees or guarantees issued by Burckhardt Compression Holding AG.

As per March 31, 2023, Burckhardt Compression had issued guarantees in amount of CHF 346.6 mn (prior year: CHF 238.8 mn).

Other contingent liabilities

As per March 31, 2023, Burckhardt Compression does not have any other contingent liabilities.

26. Commitments

Operating leases

in CHF 1'000	03/31/2023	03/31/2022
Operating leases due in less than 1 year	3'675	3'132
Operating leases due in 1 to 5 years	10'097	11'606
Operating leases due in more than 5 years	2'331	5'108
Total operating lease commitments	16'103	19'846

Purchase commitments

Purchase commitments for capital expenditure as per March 31, 2023 amounted to CHF 3.5 mn (prior year: CHF 4.7 mn).

27. Pledged assets

As per March 31, 2023, Burckhardt Compression had pledged assets with a carrying amount of CHF 95.8 mn (prior year: CHF 91.0 mn) to secure mortgage loans and guarantees. The pledged assets consisted mainly of land and buildings, and to a lesser degree of inventories and trade receivables.

28. Share-based payments

Since 2017, there is a long-term incentive plan for the members of the Executive Management and certain other employees in place. Long-term incentive pay is awarded in the form of free shares. None of the shares are subject to any restrictions upon the date of transfer.

In 2022, 257 shares at a fair value of CHF 431.20 were granted for the fixed compensation of the Board of Directors (20% of which paid in shares).

In 2021, 291 shares at a fair value of CHF 372.50 were granted for the fixed compensation of the Board of Directors (20% of which paid in shares).

Personnel expenses in 2022 for share-based payments amounted to CHF 4.3 mn (prior year: CHF 4.4 mn).

29. Related party transactions

Except for the remuneration as disclosed in the Compensation Report of this Annual Report, no further relations or transactions existed in 2022 and 2021 with the members of the Board of Directors, Executive Management or other related parties.

30. Employee benefit obligations

Burckhardt Compression has various pension plans to which most of its employees contribute. With the exception of companies in Switzerland and Germany, these pension plans are defined contribution pension arrangements. Under these, as a rule, payments are made into pension funds administered by third parties. Burckhardt Compression has no payment obligations beyond making these defined contributions.

Burckhardt Compression's pension plans in Switzerland consist of two independent pension funds: "Sulzer Vorsorgeeinrichtung" (SVE), a base plan for all employees, and "Johann Jakob Sulzer Stiftung" (JJS), a plan for employees with salaries exceeding a certain limit. The majority of the active participants in the two pension funds are employed at companies not belonging to Burckhardt Compression. The board of trustees for the base plan comprises ten employer representatives and ten employee representatives of the contributing companies and is responsible for asset allocation and risk management. The pension plans contain a cash balance benefit formula. Under Swiss law, the pension funds guarantee the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the board of trustees. At retirement date, members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to an annuity. The pension funds may adapt the contribution and benefits at any time. In case of underfunding, this may involve special payments from the employer. The surplus or underfunding cannot be determined per company. The coverage of the collective plans as a whole as of December 31, 2022 amounted to 118.4% (SVE; prior year: 126.7%) and 115.2% (JJS; prior year: 127.2%). The technical interest rate used by both collective plans amounted to 1.5% (prior year: 1.5%).

Financial Report

Employer contribution reserves

Burckhardt Compression does not have any employer contribution reserves.

Economic benefits/economic obligations and pension benefit expenses

in CHF 1'000		Economic portion of the organization	Change to prior year period recognized in the current result of the period	Currency translation differences	Contributions of the fiscal year		Pension benefit expenses
	03/31/2023	03/31/2022	2022	2022	2022	2022	2021
Pension plans with surplus	–	–	–	–	–9'386	–9'386	–8'408
Unfunded pension plans	–1'370	–1'773	351	52	–	351	181
Total	–1'370	–1'773	351	52	–9'386	–9'035	–8'227

31. Events after the balance sheet date

There were no events between the balance sheet date and the date these consolidated financial statements were approved by the Board of Directors which would require additional disclosures or changes in the consolidated financial statements.

32. Group companies and associates

Company	Registered office	Registered capital	Interest in capital	Research & development	Manufacturing & engineering	Contracting	Sales	Service
Burckhardt Compression AG ¹	Winterthur, Switzerland	CHF 2'000'000	100%	•	•	•	•	•
Burckhardt Compression Immobilien AG ¹	Winterthur, Switzerland	CHF 5'000'000	100%					
Burckhardt Compression (Deutschland) GmbH	Neuss, Germany	EUR 30'000	100%				•	•
Burckhardt Compression (Italia) S.r.l.	Milan, Italy	EUR 400'000	100%			•	•	•
Burckhardt Compression (France) S.A.S.	Cergy Saint Christophe, France	EUR 300'000	100%				•	•
Burckhardt Compression (España) S.A.	Madrid, Spain	EUR 550'000	100%				•	•
Burckhardt Compression (UK) Ltd.	Bicester, United Kingdom	GBP 250'000	100%				•	•
Burckhardt Compression (US) Inc.	Houston, USA	USD 18'250'000	100%		•	•	•	
Burckhardt Compression (Canada) Inc.	Mississauga, Canada	CAD 200'000	100%			•	•	•
Burckhardt Compression (Japan) Ltd.	Tokyo, Japan	JPY 50'000'000	100%				•	•
Burckhardt Compression (Shanghai) Co. Ltd.	Shanghai, China	CNY 14'238'000	100%		•	•	•	•
Burckhardt Compression (India) Private Ltd.	Pune, India	INR 331'140'000	100%	•	•	•	•	•
Burckhardt Compression (Brasil) Ltda.	São Paulo, Brazil	BRL 5'818'000	100%				•	•
Burckhardt Compression (Middle East) FZE	Dubai, United Arab Emirates	AED 2'000'000	100%				•	•
Burckhardt Compression Korea Ltd.	Seoul, South Korea	KRW 250'000'000	100%				•	•
Burckhardt Kompresör San. ve Tic. Ltd.	Istanbul, Turkey	TRY 800'000	100%				•	•
Burckhardt Compression Singapore Pte Ltd.	Singapore, Singapore	SGD 700'000	100%				•	•
Burckhardt Compression South Africa (Pty) Ltd.	Sunnyrock, South Africa	ZAR 3'000'000	100%				•	•
Burckhardt Compression Korea Busan Ltd.	Busan, South Korea	KRW 7'000'000'000	100%		•	•	•	
Burckhardt Compression (Saudi Arabia) LLC	Dammam, Saudi Arabia	SAR 1'000'000	100%				•	•
Burckhardt Compression North America Service LLC	Wilmington, USA	USD 1'800'000	100%					
Burckhardt Compression (Netherlands) BV	Rotterdam, Netherlands	EUR 18'000	100%		•		•	•

Financial Report

Company	Registered office	Registered capital	Interest in capital	Research & development	Manufacturing & engineering	Contracting	Sales	Service
Burckhardt Compression (Sweden) AB	Landvetter, Sweden	SEK 100'000	100%				*	*
Burckhardt Compression (Thailand) Co. Ltd.	Rayong, Thailand	THB 5'000'000	100%				*	*
Shenyang Yuanda Compressor Co. Ltd. ¹	Shenyang, China	CNY 100'000'000	100%	*	*	*	*	*
Liaoning Yuanyu Industrial Machinery Co. Ltd.	Kaiyuan, China	CNY 39'000'000	100%	*	*			
Shenyang Yuanda Compressor Automatic Control System Co. Ltd.	Shenyang, China	CNY 5'000'000	60%			*	*	*
Compressor Tech Holding AG ¹	Zug, Switzerland	CHF 200'000	100%					
PROGNOST Systems GmbH	Rheine, Germany	EUR 200'000	100%	*	*	*	*	*
PROGNOST Systems Inc.	Houston, USA	USD 240'000	100%		*		*	*
PROGNOST Machinery Diagnostics Equipment and Services LLC	Abu Dhabi, United Arab Emirates	AED 300'000	100%				*	*
Société d'Application du Métal Rouge SAS	Pont Sainte Marie Cedex, France	EUR 501'000	100%	*	*		*	*
Arkos Group LLC	Houston, USA	USD 11'752'000	100%					
Arkos Field Services, LP	Houston, USA	-	100%	*	*	*	*	*
Arkos Realty & Investments, LP	Houston, USA	-	100%					

¹ Company is directly held by Burckhardt Compression Holding AG.
All other companies are indirectly held by Burckhardt Compression Holding AG.

Report of the statutory auditor

to the General Meeting of Burckhardt Compression Holding AG

Winterthur

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Burckhardt Compression Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement for the year ended 31 March 2023, the consolidated balance sheet as at 31 March 2023, 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 consolidated financial statements (pages 98 to 125) give a true and fair view of the consolidated financial position of the Group as at 31 March 2023 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 Standards on Auditing (SA-CH). 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

Overview



Overall Group materiality: CHF 4'250'000

We concluded full scope audit work and audits of selected account balances at five reporting units in three countries. Our audit scope addressed over 65% of the Group's sales.

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

Accounting for work in progress of the systems division

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

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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 4'250'000
Benchmark applied	Earnings before taxes
Rationale for the materiality benchmark applied	We chose earnings before taxes 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 425'000 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 audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the Group auditor and the component auditors in the PwC network. The Group auditor performed the audit of the consolidation, the disclosures and the presentation of the consolidated financial statements. Where audits were performed by component auditors, we ensured that, as Group auditor, we were adequately involved in the audit in order to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. Our involvement comprised analysing the reporting, communication with the component auditors, communicating the risks identified at Group level and determining the materiality thresholds for the audits performed by component auditors.

Key audit matters

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.

Accounting for work in progress of the systems division

Key audit matter	How our audit addressed the key audit matter
<p>Burckhardt Compression Group has projects in the systems division, which are accounted for as work in progress in accordance with Swiss GAAP FER. As at 31 March 2023, work in progress in the amount of CHF 120.5 million was recognised in the balance sheet.</p> <p>Management applies judgement in determining the costs to be incurred until their completion, possible penalties as well as net realizable value. An incorrect estimate could have a significant impact on the result of the period.</p>	<p>Our audit procedures regarding the accounting for work in progress of systems division projects included in particular the following:</p> <ul style="list-style-type: none"> We assessed the design and the existence of the key controls regarding the systems division projects and tested the effectiveness of selected controls. We selected a sample of systems division projects, based on the contract volumes, the contribution margin and changes in the margin compared to the

Please refer to page 104 (Accounting policies – Inventories) and page 116 (Inventories) in the Notes to the Consolidated financial statements.

planning phase, and focused our testing on the following:

- We assessed the contract related calculations to determine whether the contractual terms had been recorded appropriately.
- We discussed with the project controllers and project managers the progress of the projects based on the latest project reports, the costs still to be incurred until their completion and changes in the estimated margin.
- We obtained written information from the legal representatives of the Group. We inspected this written information with regard to indications of potential quality deficiencies or penalties and assessed whether these matters were accounted for appropriately in relation to work in progress.
- During the audit, we conducted onsite inspections of various compressors still under construction.
- For the systems division projects completed during the year under review, we compared various final parameters with the estimates made in the planning phase in order to assess, with hindsight, the accuracy of the estimates made by Management.

The results of our audit support the accounting of work in progress of the systems division in the consolidated financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which 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 SA-CH 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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the 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



Sandra Boehm Uglow
Licensed audit expert
Auditor in charge



Kevin Mueller
Licensed audit expert

Winterthur, 5 June 2023

Financial Statements of Burckhardt Compression Holding AG, Winterthur

Balance sheet

in CHF '000	Notes	31.03.2023	31.03.2022
Current assets			
Cash and cash equivalents		704	521
Other current receivables due from third parties		1'628	19
Other current receivables due from group companies		–	85
Total current assets		2'332	625
Non-current assets			
Financial assets			
Long-term loans to group companies		38'945	36'189
Investments in subsidiaries	102	253'681	273'681
Total non-current assets		292'626	309'870
Total assets		294'958	310'495
Current liabilities			
Trade payables due to third parties		–	3
Other current liabilities due to third parties		10	10
Accrued liabilities and deferred income		976	944
Short-term loans from group companies		5'648	3'724
Total current liabilities		6'634	4'681
Non-current liabilities			
Loans third parties		100'000	100'000
Total Non-current liabilities		100'000	100'000
Equity			
Share capital	103	8'500	8'500
Legal reserves from retained earnings		1'700	1'700
Free reserves from retained earnings			
Profit brought forward		172'319	194'408
Net income		21'577	3'342
Treasury shares	104	–15'772	–2'136
Total equity		188'324	205'814
Total equity and liabilities		294'958	310'495

Income statement

in CHF '000	2022	2021
Income		
Dividend income from group companies	45'127	5'128
Interest income from group companies	476	856
Income from services provided to group companies	192	192
Other operating income	72	3'807
Total income	45'867	9'983
Expenses		
Operating expenses	-1'616	-1'552
Other operating expenses	-68	-3'090
Financial expenses	-21'600	-1'563
Direct Taxes	-1'006	-436
Total expenses	-24'290	-6'641
Net income	21'577	3'342

Notes to the financial statements of Burckhardt Compression Holding AG

101 Accounting policies

The financial statements as per March 31, 2023 are in compliance with the requirements of Swiss corporate law.

The financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO).

The following disclosures are not being made separately in the statutory financial statements pursuant to Art. 961d (1) CO as Burckhardt Compression Holding AG is presenting its consolidated financial statements according to Swiss GAAP FER:

- Additional disclosures in the notes (auditor's fee; disclosure on non-current interest-bearing liabilities)
- Cash flow statement
- Management report

Investments in subsidiaries are valued at cost less any necessary adjustments for impairment. The treasury shares are stated at acquisition cost and deducted from equity. No subsequent valuation is made. If the treasury shares are disposed of, the resulting gain or loss is recognized in the profit and loss statement.

All values in the annual financial statements are reported in thousand Swiss Francs unless otherwise indicated.

Burckhardt Compression Holding AG's fiscal year 2022 comprises the period from April 1, 2022 to March 31, 2023.

102 Subsidiaries

The equity interests held directly and indirectly by Burckhardt Compression Holding AG are shown in note 32 "Group Companies" of the consolidated financial statements.

In accordance with Art. 70 para. 3 of the Federal Act on Direct Federal Taxation the investment in Shenyang Yuanda Compressor Co., Ltd. was written off by CHF 20.0 mn in fiscal year 2022.

103 Share capital and shareholders

The share capital amounts to CHF 8'500'000 and is composed of 3'400'000 shares, each with a nominal value of CHF 2.50. All shares are registered shares and are paid in full.

No person will be registered in the Share Register as shareholder with voting rights with respect to more than five percent of the issued share capital. This entry restriction is also applicable to persons whose shares are totally or partially held by nominees. This restriction is also valid if shares are purchased when practicing subscription, warrant and conversion rights, with the exception of shares acquired by succession, distribution of inheritance or matrimonial regime. Legal entities and partnerships associated with each other by uniformly managed capital or votes or in any other way, as well as private and legal entities or partnerships, which form an association to evade the entry restriction, are regarded as one person.

Individual persons, who have not expressly declared in the application of entry that they hold the shares for their own account (Nominees), will be entered in the Share Register with voting rights, if the Nominee concerned establishes his subordination to an accredited banking supervision and securities authority, and if he/she has concluded an agreement with the Board of Directors of the company concerning his/her position. Nominees holding two or less than two percent of the issued shares will be entered in the Share Register with voting rights without an agreement with the Board of Directors. Nominees holding more than two percent of the issued shares will be entered in the Share Register with two percent voting rights and, for the remaining shares, without voting right. Above this limit of two percent, the Board of Directors may enter in the Share Register Nominees with voting rights if they disclose the names, addresses, nationality, and shareholdings of the persons for whom they hold more than two percent of the issued shares.

As of March 31, 2023, there is no such declaration between a nominee-shareholder and the board of directors.

Shareholder groups which had existed before June 23, 2006 are excluded from the voting rights restrictions.

According to information available to the company from the disclosure notifications of the SIX Exchange Regulation Ltd., the following shareholders reported shareholdings of at least 3% of the share capital and voting rights as of March 31, 2023 (according to the statutory bylaws the voting rights of NN Group N.V., The Goldman Sachs Group Inc and UBS Fund Management (Switzerland) AG are limited to 5% of the total number of the registered BCHN shares recorded in the commercial register):

Shareholders

Name	Country	31.03.2023	31.03.2022
		% of shares	% of shares
MBO shareholder pool (Valentin Vogt, Daniela Vogt Harry Otz, Leonhard Keller, Martin Heller, Ursula Heller, Marcel Pawlicek)	CH	12.40	12.40
NN Group N.V. ¹	NL	9.86	9.86
The Goldman Sachs Group, Inc ²	US	7.37	<3.0
UBS Fund Management (Switzerland) AG	CH	5.02	5.02
BlackRock, Inc.	US	3.07	3.07

¹According to the notification to the Disclosure Office of SIX Exchange Regulation Ltd. published on November 19, 2021.

²According to the notification to the Disclosure Office of SIX Exchange Regulation Ltd. published on June 24, 2022, with the following remark: "This notification is being made because The Goldman Sachs Group, Inc. ("GS Group") has acquired control of NN Investment Partners Holdings N.V. ("NNIP") and NNIP has a discretionary asset management mandate with respect to BCHN shares which are owned by NN Group N.V."

Financial Report

Detailed overview of shareholdings

As per March 31, 2023, the members of the Executive Board and the Board of Directors (and related persons) owned the following numbers of shares of Burckhardt Compression Holding AG:

Shareholders

Name	Function	31.3.2023 Total shares	31.3.2022 Total shares
Members of the Board of Directors			
Ton Büchner	Chair	5'184	5'098
Urs Leinhäuser	Member	1'796	1'758
Dr. Monika Krüsi	Member	1'201	1'163
Dr. Stephan Bross	Member	431	393
David Dean	Member	490	452
María Teresa Vacalli ¹	Member	0	n/a
Total		9'102	8'864
Executive Management			
Fabrice Billard ²	CEO	1'300	1'300
Marcel Pawlicek ³	Former CEO	n/a	37'737
Rolf Brändli	CFO	1'223	1'223
Vanessa Valentin ⁴	CHRO	0	n/a
Rainer Dübi	President Services Division	824	824
Andreas Brautsch ⁵	President Systems Division	0	n/a
Total		3'347	41'084
Total Board of Directors and Executive Management		12'449	49'948
As a % of all outstanding share		0.4	1.5

¹ From July 2, 2022

² From April 1, 2022 appointed CEO. Previously, President Systems Division

³ Until March 31, 2022 former CEO in office

⁴ From June 1, 2022

⁵ From October 1, 2022

104 Treasury shares

in CHF '000	2022	2021
Number at the beginning of the period	9'343	9'634
Purchases	24'327	–
Sales	–257	–291
Number at the end of the period	33'413	9'343

The average selling price did amount to CHF 228.56 (2021: CHF 228.56)

105 Further disclosures pursuant to Article 959c par. 2 of the Swiss Code of Obligations:

Full-time employees

Burckhardt Compression Holding AG does not employ any employees.

Liabilities to pension funds

in CHF '000	31.03.2023	31.03.2022
Total liabilities to pension funds	0	0

Net release of undisclosed reserves

in CHF '000	31.03.2023	31.03.2022
Net release of undisclosed reserves	0	0

Guarantees

in CHF '000	31.03.2023	31.03.2022
Guarantees	28'399	25'605

Burckhardt Compression Holding AG issues advance payment guarantees and performance bonds in the name of Burckhardt Compression AG and in favor of a small number of selected customers.

The credit lines and guarantee facilities extended to Burckhardt Compression AG by financial institutions do not require any assets or shares of Burckhardt Compression Holding AG to be pledged as collateral.

Financial Report

Remuneration of the Board of Directors and the Executive Board

Type and amount of remuneration of the members of the Board of Directors and the Executive Board as well as the principles and basic elements of the company's compensation policy are depicted and explained in the compensation report on pages 84 to 92.

Events after the balance sheet date

There were no additional events after the balance sheet date which affect the annual results or would require an adjustment to the carrying amounts of Burckhardt Compression Holding AG's assets and liabilities.

Proposal by the Board of Directors for the appropriation of retained earnings

in CHF 1'000	2022	2021
Retained earnings at the beginning of the period	197'749	216'446
Distributed dividend	-25'430	-22'038
Net income of the year	21'577	3'342
Retained earnings at the disposal of the Annual General Meeting	193'896	197'749
The Board of Directors proposes the following appropriation		
Gross dividend	-40'800	-25'500
Retained earnings carried forward	153'096	172'249

The Board of Directors will propose payment of a gross dividend of CHF 12.00 per registered share at the Annual General Meeting of Shareholders on July 1, 2023.

	2022	2021	2020
Gross dividend	12.0	7.5	6.5
Less 35% withholding tax	-4.2	-2.6	-2.3
Net dividend	7.8	4.9	4.2

Report of the statutory auditor

to the General Meeting of Burckhardt Compression Holding AG

Winterthur

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Burckhardt Compression Holding AG (the Company), which comprise the balance sheet as at 31 March 2023, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 131 to 136) 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 Standards on Auditing (SA-CH). 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 Company 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

Overview



Overall materiality: CHF 2'900'000

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 Company, the accounting processes and controls, and the industry in which the Company operates.

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

Impairment testing of investments in subsidiaries

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

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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 2'900'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is a relevant and generally accepted benchmark for holding companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 290'000 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.

Key audit matters

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

Impairment testing of investments in subsidiaries

Key audit matter	How our audit addressed the key audit matter
<p>Investments in subsidiaries is a significant asset category on the balance sheet (CHF 253.7 million). Impairment testing of investments whose book value is greater than the book value of the underlying net assets requires Management to consider the capitalised earnings method or the discounted cash flow (DCF) method.</p> <p>Doing so involves significant scope for judgement, particularly to determine the assumptions to use concerning future business results.</p> <p>In identifying the potential need for impairment of investments in subsidiaries, Management uses a predefined impairment testing process.</p> <p>Please refer to page 133 (Subsidiaries) in the notes to the financial statements.</p>	<p>In our audit of investments in subsidiaries, we performed the following main audit procedures:</p> <ul style="list-style-type: none"> We compared the book value of the investments in the year under review with their pro-rata share of the respective company's equity or the company's valuation, based on an acceptable valuation method. We checked the key assumptions applied by Management for reasonableness (revenue and margin growth, discount rate and long-term growth). <p>We consider the valuation process and the assumptions used to be an appropriate and adequate basis for the impairment testing of the investments in subsidiaries as at 31 March 2023.</p>

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities 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 Company'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 Company 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 SA-CH 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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

We further confirm that the proposal by the Board of Directors for the appropriation of retained 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



Sandra Boehm Uglow
Licensed audit expert
Auditor in charge



Kevin Mueller
Licensed audit expert

Winterthur, 5 June 2023

Glossary

We use abbreviations frequently in our daily work, so much so that we often don't even notice them anymore. Here is a brief glossary of the most common abbreviations.

LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LDPE	Low-density polyethylene, soft polyethylene with high chemical resistance, good electrical insulation properties and good sliding behavior
EVA	Ethylene vinyl acetate, plastic with high heat and good aging resistance
ME-GI	dual propulsion system for ships from MAN
X-DF	dual propulsion system for ships from Win GD
Boil-Off-Gas	Liquid gas that heats up and turns back into gas
OEM	Original equipment manufacturer
MRP	Mid-range Plan

Burckhardt Compression AG

The statements in this review relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks and uncertainties, including but not limited to: future global economic conditions, foreign exchange rates, regulatory rules, market conditions, the actions of competitors, and other factors beyond the control of the company.

The Annual Report is published in German and English and is available on the internet under report.burckhardtcompression.com/en. The English version is binding. The financial report is available in English only.



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