

Financial Report

Burckhardt Compression Holding AG's fiscal year 2023 comprises the period from April 1, 2023 to March 31, 2024.

Comments on financial report summary

in CHF 1'000

	2023	2022	Change 2022/2023
Order intake	1'124'724	1'268'270	-11.3%
Sales	981'963	829'701	18.4%
Gross profit	262'063	244'467	7.2%
Operating income (EBIT)	121'385	94'963	27.8%
in % of sales	12.4%	11.4%	
Net income	90'087	70'001	28.7%
Total assets	1'065'624	940'602	13.3%
Total equity	297'909	261'583	13.9%
Earnings per share attributable to shareholders of Burckhardt Compression Holding AG (in CHF)	26.63	20.64	29.0%
FTEs as per end of fiscal year	3'243	2'973	9.1%

Sales and gross profit

Strong operational delivery of our order backlog underpinned sales growth of 18.4% to CHF 982.0 mn. The main contributors to this growth were China, other Asian countries as well as North America. Excluding the effects of currency translation, year-on-year sales growth was in total 26.1%. Despite currency translation effects amounting to 7.7 pp, the Systems Division recorded a substantial increase in sales of 31.3% to CHF 642.8 mn on the back of the high order backlog. Sales at the Services Division amounted to CHF 339.2 mn, which is slightly below the high previous year's level (-0.2%, respectively +6.3% net of currency translation effects).

Gross profit increased by 7.2% to CHF 262.1 mn, generating a gross profit margin of 26.7%, a reduction of 2.8pp compared to previous year, due to the increased share and less favorable product mix of the Systems Division. The Systems Division reported a growth of 12.5% in gross profit to CHF 108.3 mn, with a resulting gross profit margin of 16.9% (previous year: 19.7%). Gross profit at the Services Division increased by 3.7% to CHF 153.7 mn, resulting in a gross profit margin of 45.3% (previous year: 43.6%).

Operating income

Total operating profit (EBIT) rose by 27.8% to CHF 121.4 mn, yielding an EBIT margin of 12.4% (previous year: 11.4%), Selling, marketing and general administrative expenses amounted to CHF 119.4 mn, which is 12.2% of sales and 1.9pp below the prior year (14.1%). Research and development expenses were at 26.6 mn, which is CHF 2.7 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 +5.4 mn (prior year: CHF -8.6 mn, including some one-off provisions). Further details to the divisional results are disclosed in the segment reporting under note 5.

Financial income and tax expenses

Financial expenses decreased by 11.0% to CHF 3.4 mn, mainly due to slightly higher interest income on bank deposits in some subsidiaries, while debt interest is largely derived from bond financing at a fixed annual rate of 1.5%. The income tax expenses amounted to CHF 27.9 mn which corresponds to a tax rate of 23.7% (prior year: 23.2%).

Net income

Group net income increased by 28.7% to CHF 90.1 mn, which is 9.2% of sales (previous year: 8.4%). Earnings per share attributable to shareholders of Burckhardt Compression increased from CHF 20.64 to CHF 26.63 (+29.0%).

Balance sheet

The balance sheet total rose by 13.3% to CHF 1'065.6 mn. Property, plant and equipment remained at about the same level as in the prior year (+0.6%) while inventories grew by 10.7% to CHF 316.8 mn, mainly in work in progress on ongoing customer projects as per closing date. Trade accounts receivable increased substantially by 46.6% to CHF 360.0 mn as a consequence of the high volume of invoicing towards the end of the fiscal year. The aging structure of the accounts receivable overdue more than 60 days as a percentage of total accounts receivable improved to 14.3% (prior year: 19.1%). The balance between advance payments from customers compared to work in progress and advance payments to suppliers ended the fiscal year at CHF 12.3 mn, compared to the high positive balance of CHF 60.7 mn in the previous year. The equity ratio improved to 28.0% (prior year: 27.8%), yet slightly below our ambition level of 30%. This can be attributed to the volume induced inflation of the balance sheet with a strong increase in work in progress for customer projects and accounts receivable as per closing date. Total net operating assets (rolling 12-month average) increased by 8.8% compared to the previous year to CHF 308.3 mn.

Cash flow

Cash and cash equivalents decreased by CHF 21.8 mn to CHF 107.2 mn in fiscal year 2023. At CHF 17.8 mn the cash flow from operating activities was significantly lower than in the prior year (CHF 110.6 mn), mainly as a result of the large negative swing in the balance between advance payments from customers compared to work in progress and the steep increase in trade accounts receivable. The cash flow from investing activities ended the fiscal year at CHF -25.3 mn (prior year: CHF -13.1 mn) and from financing activities at CHF -8.0 mn (prior year: CHF -61.2 mn), including CHF 40.4 mn dividends paid to the shareholders of Burckhardt Compression Holding AG. The resulting net financial position (net debt) decreased from CHF -7.1 mn to CHF -62.3 mn.

Consolidated income statement

in CHF 1'000	Notes	2023	2022
Sales	5	981'963	829'701
Cost of goods sold		-719'900	-585'234
Gross profit		262'063	244'467
Selling and marketing expenses		-70'555	-62'742
General and administrative expenses		-48'889	-54'277
Research and development expenses	7	-26'648	-23'897
Other operating income	8	48'794	30'245
Other operating expenses	8	-43'380	-38'833
Operating income		121'385	94'963
Financial income and expenses	9	-3'388	-3'805
Earnings before taxes		117'997	91'158
Income tax expenses	10	-27'910	-21'157
Net income		90'087	70'001
Share of net income attributable to shareholders of Burckhardt Compression Holding AG		89'988	69'942
Share of net income attributable to non-controlling interests		99	59
Basic earnings per share (in CHF)	11	26.63	20.64
Diluted earnings per share (in CHF)	11	26.63	20.64

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

Consolidated balance sheet

in CHF 1'000	Notes	03/31/2024	03/31/2023
Non-current assets			
Intangible assets	12	12'066	11'744
Property, plant and equipment	13	173'132	172'039
Deferred tax assets	10	17'751	17'915
Other assets	14	5'188	3'735
Total non-current assets		208'137	205'433
Current assets			
Inventories	15	316'762	286'246
Trade receivables	16	359'978	245'545
Other current receivables	17	65'456	68'522
Prepaid expenses and accrued income		8'044	5'777
Cash and cash equivalents		107'247	129'079
Total current assets		857'487	735'169
Total assets		1'065'624	940'602
Equity			
Share capital	18	8'500	8'500
Capital reserves		1'354	574
Treasury shares	18	-6'553	-15'772
Retained earnings and other reserves		294'184	267'882
Equity attributable to shareholders of Burckhardt Compression Holding AG		297'485	261'184
Non-controlling interests		424	399
Total equity		297'909	261'583
Liabilities			
Non-current liabilities			
Non-current financial liabilities	19	62'865	132'000
Deferred tax liabilities	10	15'940	14'246
Non-current provisions	20	16'732	11'901
Other non-current liabilities	21	2'173	3'044
Total non-current liabilities		97'710	161'191
Current liabilities			
Current financial liabilities	19	106'639	4'214
Trade payables		143'242	109'073
Customers' advance payments	15	209'845	222'849
Other current liabilities	22	59'084	40'505
Accrued liabilities and deferred income	23	114'268	108'363
Current provisions	20	36'927	32'824
Total current liabilities		670'005	517'828
Total liabilities		767'715	679'019
Total equity and liabilities		1'065'624	940'602

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

Consolidated cash flow statement

in CHF 1'000	Notes	2023	2022
Cash flow from operating activities			
Net income		90'087	70'001
Income tax expenses	10	27'910	21'157
Financial income and expenses	9	3'388	3'805
Depreciation	13	15'476	17'981
Amortization	12	3'444	3'788
Change in inventories		-84'120	-86'565
Change in trade receivables		-122'060	585
Change in other current assets		-2'490	-9'922
Change in trade payables		37'542	17'058
Change in customers' advance payments		42'950	50'625
Change in provisions		9'832	4'940
Change in other liabilities		18'427	32'662
Change in provision in equity		987	4'288
Adjustment for non-cash items		1'855	1'329
Interest received		1'897	1'028
Interest paid		-4'104	-3'324
Income taxes paid	10	-23'206	-18'804
Total cash flow from operating activities		17'815	110'632
Cash flow from investing activities			
Purchase of property, plant and equipment	13	-19'120	-16'175
Sale of property, plant and equipment		117	4'165
Purchase of intangible assets	12	-3'420	-4'282
Purchase of other assets		-2'893	-
Sale of other assets		32	3'208
Total cash flow from investing activities		-25'284	-13'084
Cash flow from financing activities			
Increase in financial liabilities		34'764	3'887
Decrease in financial liabilities		-1'774	-25'779
Purchase of treasury shares	18	-527	-13'695
Acquisition of non-controlling interests	4	-	-
Dividends paid		-40'437	-25'597
Total cash flow from financing activities		-7'974	-61'184
Currency translation differences on cash and cash equivalents		-6'389	-8'301
Net change in cash and cash equivalents		-21'832	28'063
Cash and cash equivalents at beginning of period		129'079	101'016
Cash and cash equivalents at end of period		107'247	129'079
Net change in cash and cash equivalents		-21'832	28'063

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 04/01/2022	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
Goodwill on acquisition								-		-
Balance at 03/31/2023	8'500	574	-15'772	2'978	-22'678	-156'005	443'587	261'184	399	261'583
Balance at 04/01/2023	8'500	574	-15'772	2'978	-22'678	-156'005	443'587	261'184	399	261'583
Result for the period							89'988	89'988	99	90'087
Currency translation differences					-8'060			-8'060	-25	-8'085
Changes of cash flow hedges				-5'699				-5'699		-5'699
Dividends paid							-40'388	-40'388	-49	-40'437
Changes in treasury shares			-527					-527		-527
Share-based payments (distributed)		780	9'746				-10'526	-		-
Share-based payments (provision in equity)							987	987		987
Goodwill on acquisition							-	-		-
Balance at 03/31/2024	8'500	1'354	-6'553	-2'721	-30'738	-156'005	483'648	297'485	424	297'909

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 2023 comprises the period from April 1, 2023 to March 31, 2024. These consolidated financial statements were authorized for issue by the Board of Directors on June 3, 2024 and will be submitted to shareholders for approval at the annual general meeting scheduled for July 5, 2024.

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 Change in accounting policy

In the current financial year, Burckhardt Compression has early adopted the new Swiss GAAP FER 28 standard and the revised Swiss GAAP FER 30 standard. The application was made retrospectively in accordance with the relevant transitional provisions and the reporting framework, as if the new principles had always been applied. The adoption of the new Swiss GAAP FER 28 standard for government grants has no material impact on the consolidated financial statements, as the accounting policies already comply. The implementation of the revised Swiss GAAP FER 30 standard also has no material impact on the consolidated financial statements, resulting from the clarification of the standard regarding future transactions, while acquisitions that took place before April 1, 2023 do not need to be reassessed. Under the revised standard, Burckhardt Compression maintains its accounting policy of offsetting goodwill within equity.

2.3 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.

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2.4 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, 2024, Burckhardt Compression does not hold any associates.

2.5 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 intercompany loans with equity character are directly recorded in equity.

Major foreign currency exchange rates

	Average rates		Period-end rates	
	2023	2022	03/31/2024	03/31/2023
1 EUR	0.96	0.99	0.98	1.00
1 USD	0.89	0.95	0.90	0.92
100 CNY	12.35	13.93	12.50	13.33

2.6 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.

2.7 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.

2.8 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

2.9 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.

2.10 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.

2.11 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.

2.12 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.

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2.13 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.

2.14 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.

2.15 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.

2.16 Transactions with non-controlling interests

For the acquisition of non-controlling interests, goodwill or negative goodwill is calculated as the difference between the acquisition cost and the proportional carrying amount of the non-controlling interests. For disposals of equity interests that do not result in a loss of control, the profit/loss is calculated as the consideration received less the proportional carrying amount of the equity interests less the proportionate share of related pro rata goodwill/negative goodwill derecognized. The related cash flows are presented as investing activities in the cash flow statement.

2.17 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.

2.18 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.

2.19 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.

2.20 Research and development

Research and development costs are expensed as incurred.

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2.21 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 carryforwards, 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.

2.22 Off-balance-sheet transactions

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

2.23 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.

2.24 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.

2.25 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 customers 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

There were no changes in the scope of consolidation in the financial year 2023 and 2022.

A complete list of all Group companies is shown in note 32.

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	
	2023	2022	2023	2022	2023	2022	2023	2022
Sales	642'812	489'663	339'151	340'038	-	-	981'963	829'701
Cost of goods sold	-534'477	-393'358	-185'423	-191'876	-	-	-719'900	-585'234
Gross profit	108'335	96'305	153'728	148'162	-	-	262'063	244'467
Gross profit as % of sales	16.9%	19.7%	45.3%	43.6%	-	-	26.7%	29.5%
Operating income	47'574	30'294	83'462	75'041	-9'651	-10'372	121'385	94'963
Operating income as % of sales	7.4%	6.2%	24.6%	22.1%	-	-	12.4%	11.4%

in CHF 1'000

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Geographic information

in CHF 1'000	2023	2022
Sales by customer location		
Europe	186'304	275'816
Africa	4'361	5'217
North America	127'397	105'576
South America	7'223	6'626
Middle East	38'372	25'259
China	429'561	291'483
Other Asia & Australia	188'745	119'724
Total	981'963	829'701

in CHF 1'000	2023	2022
Capital expenditure for property, plant and equipment		
Europe	13'458	9'163
Africa	13	32
North America	3'078	2'353
South America	35	22
Middle East	286	55
China	1'584	2'073
Other Asia & Australia	1'570	1'070
Total	20'024	14'768

6. Personnel expenses

in CHF 1'000	2023	2022
Wages and salaries	-218'025	-197'875
Social security and pension expenses	-47'668	-41'572
Other personnel expenses	-23'612	-24'589
Total personnel expenses	-289'305	-264'036

7. Research and development expenses

In the fiscal year 2023, the research and development activities were focused on the development for new solutions for the new hydrogen market, where product requirements evolve with the development of new applications. New compressor solutions were developed for the ship building industry for LNG carriers, where new, more efficient technologies require adapted compressor solutions. The enlargement of our product portfolio for the petrochemical market will allow us to support our customers in the development of larger and therefore more efficient plants.

8. Other operating income and expenses

in CHF 1'000	2023	2022
Currency exchange gains	35'896	17'224
Other operating income	12'898	13'021
Total other operating income	48'794	30'245
Currency exchange losses	-38'006	-21'469
Other operating expenses	-5'374	-17'364
Total other operating expenses	-43'380	-38'833
Total other operating income and expenses	5'414	-8'588

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

Other operating expenses include real estate expenses amounting to CHF 4.3 mn (prior year: CHF 3.6 mn).

9. Financial income and expenses

in CHF 1'000	2023	2022
Interest expenses	-4'168	-3'402
Interest income	1'884	1'125
Other financial income (+) and expenses (-)	-1'104	-1'528
Total financial income and expenses	-3'388	-3'805

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

10. Income taxes

Income tax expenses

in CHF 1'000	2023	2022
Current income tax expenses	-25'305	-21'003
Deferred income tax income (+) and expenses (-)	-2'605	-154
Total income tax expenses	-27'910	-21'157

Reconciliation of income tax expenses

in CHF 1'000	2023	2022
Earnings before taxes	117'997	91'158
Weighted average tax rate in %	22.3%	21.8%
Expected income tax expenses at weighted average tax rate	-26'261	-19'827
Effect of non-recognition of tax loss carryforwards	87	-997
Effect of income tax of prior periods	-300	-109
Effect of changes in tax rates	-	-
Effect of goodwill amortization for tax purposes	707	659
Effect of non-deductible expenses / income not subject to tax	-2'143	-883
Total income tax expenses	-27'910	-21'157
as % of earnings before taxes	23.7%	23.2%

The effective tax rate of Burckhardt Compression Group of 23.7% (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 1'000	2023	2022
Net current income tax liabilities		
Balance as per 04/01/2023 / 04/01/2022	8'653	6'026
Changes in the consolidation scope	-	-
Recognized in the income statement	25'005	20'894
Income taxes paid	-23'206	-18'804
Translation differences	-607	537
Balance as per 03/31/2024 / 03/31/2023	9'845	8'653
thereof current tax assets	2'931	2'960
thereof current tax liabilities	12'776	11'613

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Deferred income taxes

in CHF 1'000	2023	2022
Net deferred income tax liabilities		
Balance as per 04/01/2023 / 04/01/2022	-3'669	-4'723
Changes in the consolidation scope	-	-
Recognized in the income statement	2'605	154
Recognized in equity	-1'518	710
Translation differences	771	190
Balance as per 03/31/2024 / 03/31/2023	-1'811	-3'669
thereof deferred tax assets	17'751	17'915
thereof deferred tax liabilities	15'940	14'246

Tax loss carryforwards

in CHF 1'000	03/31/2024	03/31/2023
Expiring in the next 3 years	1'414	-
Expiring in 4 years or later	53'552	49'725
Total tax loss carry forwards	54'966	49'725
Potential deferred tax assets from tax loss carryforwards	12'549	11'445
Effect of non-recognized tax loss carryforwards	-8'190	-7'179
Effective deferred tax assets from tax loss carryforwards	4'359	4'266

11. Earnings per share

in CHF 1'000	2023	2022
Net income attributable to the shareholders of Burckhardt Compression Holding AG	89'988	69'942
Average number of outstanding shares	3'379'286	3'388'306
Earnings per share (CHF)	26.63	20.64

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									
	Software	Other intangible assets	Intangible assets under construction	2023 Total	Software	Other intangible assets	Intangible assets under construction	2022 Total	
Balance as per 04/01/2023 / 04/01/2022	34'424	739	4'451	39'614	34'721	687	5'674	41'082	
Changes in the consolidation scope	-	-	-	-	-	-	-	-	
Additions	720	1'106	1'990	3'816	1'124	64	3'292	4'480	
Disposals	-13	-5	-	-18	-1'580	-39	-44	-1'663	
Reclassifications	3'945	-	-3'945	-	452	80	-4'435	-3'903	
Currency translation differences	-170	-18	-20	-208	-293	-53	-36	-382	
Balance as per 03/31/2024 / 03/31/2023	38'906	1'822	2'476	43'204	34'424	739	4'451	39'614	

Accumulated amortization

in CHF 1'000									
	Software	Other intangible assets	Intangible assets under construction	2023 Total	Software	Other intangible assets	Intangible assets under construction	2022 Total	
Balance as per 04/01/2023 / 04/01/2022	-27'273	-597	-	-27'870	-27'009	-613	-	-27'622	
Changes in the consolidation scope	-	-	-	-	-	-	-	-	
Additions	-3'276	-168	-	-3'444	-3'726	-62	-	-3'788	
Disposals	13	5	-	18	1'578	35	-	1'613	
Reclassifications	-	-	-	-	1'651	-	-	1'651	
Currency translation differences	136	22	-	158	233	43	-	276	
Balance as per 03/31/2024 / 03/31/2023	-30'400	-738	-	-31'138	-27'273	-597	-	-27'870	

Net book value

in CHF 1'000									
	Software	Other intangible assets	Intangible assets under construction	2023 Total	Software	Other intangible assets	Intangible assets under construction	2022 Total	
As per 04/01/2023 / 04/01/2022	7'151	142	4'451	11'744	7'712	74	5'674	13'460	
As per 03/31/2024 / 03/31/2023	8'506	1'084	2'476	12'066	7'151	142	4'451	11'744	

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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	2023	2022
Acquisition costs		
Balance as per 04/01/2023 / 04/01/2022	156'005	156'005
Additions from acquisitions	–	–
Balance as per 03/31/2024 / 03/31/2023	156'005	156'005

in CHF 1'000	2023	2022
Accumulated amortization		
Balance as per 04/01/2023 / 04/01/2022	–132'866	–122'404
Amortization expense	–10'435	–10'462
Balance as per 03/31/2024 / 03/31/2023	–143'301	–132'866

in CHF 1'000	2023	2022
Net book value		
Theoretical net book value as per 04/01/2023 / 04/01/2022	23'139	33'601
Theoretical net book value as per 03/31/2024 / 03/31/2023	12'704	23'139

in CHF 1'000	03/31/2024	03/31/2023
Theoretical impact on equity		
Equity as per balance sheet	297'909	261'583
Theoretical capitalization of goodwill	12'704	23'139
Theoretical equity including net book value of goodwill	310'613	284'722

in CHF 1'000	2023	2022
Theoretical impact on net income		
Net income as per income statement	90'087	70'001
Amortization of goodwill	–10'435	–10'462
Theoretical net income after goodwill amortization	79'652	59'539

13. Property, plant and equipment

Acquisition costs

in CHF 1'000	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2023 Total	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2022 Total
Balance as per 04/01/2023 / 04/01/2022	159'420	149'901	33'332	5'308	347'961	163'959	143'746	34'754	7'882	350'341
Changes in the consolidation scope	-	-	-	-	-	-	-	-	-	-
Additions	914	8'204	1'306	9'600	20'024	854	6'375	2'250	5'289	14'768
Disposals	-52	-2'418	-589	-	-3'059	-3'808	-1'042	-3'074	-224	-8'148
Reclassifications	1'740	2'397	1'057	-5'194	-	1'255	4'525	733	-7'455	-942
Currency translation differences	-1'855	-2'346	-963	-180	-5'344	-2'840	-3'703	-1'331	-184	-8'058
Balance as per 03/31/2024 / 03/31/2023	160'167	155'738	34'143	9'534	359'582	159'420	149'901	33'332	5'308	347'961

Accumulated depreciation

in CHF 1'000	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2023 Total	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2022 Total
Balance as per 04/01/2023 / 04/01/2022	-42'581	-108'041	-25'300	-	-175'922	-39'678	-102'139	-25'288	-	-167'105
Changes in the consolidation scope	-	-	-	-	-	-	-	-	-	-
Additions	-3'674	-10'294	-1'508	-	-15'476	-4'940	-9'309	-3'732	-	-17'981
Disposals	48	1'989	521	-	2'558	1'231	972	2'976	-	5'179
Reclassifications	-	-737	737	-	-	-	251	-251	-	-
Currency translation differences	512	1'326	552	-	2'390	806	2'184	995	-	3'985
Balance as per 03/31/2024 / 03/31/2023	-45'695	-115'757	-24'998	-	-186'450	-42'581	-108'041	-25'300	-	-175'922

Net book value

in CHF 1'000	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2023 Total	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2022 Total
As per 04/01/2023 / 04/01/2022	116'839	41'860	8'032	5'308	172'039	124'281	41'607	9'466	7'882	183'236
As per 03/31/2024 / 03/31/2023	114'472	39'981	9'145	9'534	173'132	116'839	41'860	8'032	5'308	173'039

14. Other assets

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

15. Inventories & Customers Advance Payments

in CHF 1'000	03/31/2024	03/31/2023
Raw materials, supplies and consumables	59'095	69'990
Work in progress	140'724	120'549
Finished products and trade merchandise	82'733	76'228
Advance payments to suppliers	56'848	41'616
Valuation allowance	-22'638	-22'137
Total inventories	316'762	286'246

The capital invested in work in progress and advance payments to suppliers is financed by advance payments from customers, leaving a balance as of March 31, 2024 of CHF +12.3 mn (prior year: CHF +60.7 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	03/31/2024		03/31/2023	
	Inventories	Customers' advance payments	Inventories	Customers' advance payments
Gross amounts	458'252	351'335	381'332	317'935
Offsetting of customers' advance payments	141'490	141'490	95'086	95'086
Net amounts reported in the consolidated balance sheet	316'762	209'845	286'246	222'849

16. Trade receivables

in CHF 1'000	03/31/2024	03/31/2023
Trade receivables, gross	377'892	269'997
Allowance for bad debts	-17'914	-24'452
Trade receivables, net	359'978	245'545

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in CHF 1'000	2023	2022
Allowance for bad debts		
Balance as per 04/01/2023 / 04/01/2022	-24'452	-15'290
Changes in the consolidation scope	-	-
Additions	-3'388	-11'125
Release	5'904	738
Utilization	3'146	4
Currency translation adjustments	876	1'221
Balance as per 03/31/2024 / 03/31/2023	-17'914	-24'452

The allowance for bad debts at the end of the 2023 and 2022 fiscal years was entirely related to accounts receivables which were more than 90 days overdue as per closing date.

in CHF 1'000	03/31/2024	%	03/31/2023	%
Maturity profile of trade receivables				
Not due	223'750	62.2%	166'386	67.8
Overdue 1–30 days	55'081	15.3%	20'374	8.3
Overdue 31–60 days	29'827	8.2%	11'949	4.8
Overdue 61–90 days	9'374	2.6%	2'470	1.0
Overdue more than 90 days	41'946	11.7%	44'366	18.1
Balance as per 03/31/2024 / 03/31/2023	359'978	100.0%	245'545	100.0

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

17. Other current receivables

in CHF 1'000	03/31/2024	03/31/2023
Notes receivable	698	11'790
VAT receivables	8'226	7'568
Derivative financial instruments	13'691	5'207
Current tax assets	2'931	2'960
Other current receivables	39'910	40'997
Total other current receivables	65'456	68'522

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

	03/31/2024	03/31/2023
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 breakdown of equity into its individual components is shown in the statement of changes in equity.

At the upcoming annual general meeting of shareholders on July 5, 2024, the Board of Directors of Burckhardt Compression Holding AG will propose a dividend for the 2023 fiscal year of CHF 15.50 (prior year: CHF 12.00).

As of March 31, 2024, non-distributable reserves amounted to CHF 1.7 mn (prior year: CHF 1.7 mn).

	03/31/2024	03/31/2023
Number of treasury shares	13'805	33'413

During the fiscal year 2023, 925 treasury shares (prior year: 24'327 treasury shares) were purchased at an average share price of CHF 569.02 (prior year: CHF 563.00) in the amount of CHF 0.5 mn (prior year: CHF 13.7 mn).

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 1'000	03/31/2024	03/31/2023
Non-current financial liabilities	62'865	132'000
Current financial liabilities	106'639	4'214
Total financial liabilities	169'504	136'214

The average effective interest rate amounted to 1.9% in fiscal year 2023 (prior year: 1.7%).

Currencies of financial liabilities

in CHF 1'000	03/31/2024	03/31/2023
Financial liabilities in CHF	162'413	132'029
Financial liabilities in USD	4'015	1'261
Financial liabilities in other currencies	3'076	2'924
Total financial liabilities	169'504	136'214

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Maturities of non-current financial liabilities

in CHF 1'000	03/31/2024	03/31/2023
Due within 2 years	458	100'692
Due within 3 years	2'936	290
Due within 4 years	621	–
Due within 5 years	–	–
Due beyond 5 years	58'850	31'018
Total non-current financial liabilities	62'865	132'000

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	2023 Total	Employee-related	Warranties, penalties, unprofitable contracts	Other	2022 Total
Balance as per 04/01/2023 / 04/01/2022	9'692	32'318	2'715	44'725	9'111	31'070	1'211	41'392
Changes in the consolidation scope	–	–	–	–	–	–	–	–
Additions	5'351	20'456	1'793	27'600	2'543	12'684	2'798	18'025
Release	–226	–599	–1'971	–2'796	–533	–2'294	–44	–2'871
Utilization	–1'877	–12'299	–796	–14'972	–1'060	–8'053	–1'117	–10'230
Currency translation differences	–164	–632	–102	–898	–369	–1'089	–133	–1'591
Balance as per 03/31/2024 / 03/31/2023	12'776	39'244	1'639	53'659	9'692	32'318	2'715	44'725
thereof non-current	5'638	10'756	338	16'732	4'545	7'255	101	11'901
thereof current	7'138	28'488	1'301	36'927	5'147	25'063	2'614	32'824

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	03/31/2024	03/31/2023
Notes payable	13'232	10'887
VAT payables	8'248	3'923
Derivative financial instruments	16'283	1'648
Current tax liabilities	12'776	11'613
Other current liabilities	8'545	12'434
Total other current liabilities	59'084	40'505

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	03/31/2024	03/31/2023
Contract-related liabilities	70'327	73'835
Vacation and overtime	5'231	5'040
Salary and bonus payments	29'267	22'133
Miscellaneous	9'443	7'355
Total accrued liabilities and deferred income	114'268	108'363

24. Derivative financial instruments

Burckhardt 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	03/31/2024	03/31/2023
Contract value	358'597	263'599
Positive fair values	13'691	5'207
Negative fair values	16'283	1'648

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, 2024, Burckhardt Compression had issued guarantees in amount of CHF 265.9 mn (prior year: CHF 346.6 mn).

Other contingent liabilities

As per March 31, 2024, Burckhardt Compression does not have any other contingent liabilities.

26. Commitments

Operating leases

in CHF 1'000

	03/31/2024	03/31/2023
Operating leases due in less than 1 year	4'794	3'675
Operating leases due in 1 to 5 years	12'562	10'097
Operating leases due in more than 5 years	4'195	2'331
Total operating lease commitments	21'551	16'103

Purchase commitments

Purchase commitments for capital expenditure as per March 31, 2024 amounted to CHF 5.0 mn (prior year: CHF 3.5 mn).

27. Pledged assets

As per March 31, 2024, Burckhardt Compression had pledged assets with a carrying amount of CHF 75.8 mn (prior year: CHF 95.8 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 2023, there is a new long-term incentive plan for the members of the Executive Board 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 2023, participants of the long-term incentive plan (2020-2022) were granted 20'533 shares at a fair value of CHF 513.00.

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).

Personnel expenses in 2023 for share-based payments amounted to CHF 1.0 mn (prior year: CHF 4.3 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 2023 and 2022 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, 2023 amounted to 120.9% (SVE; prior year: 118.4%) and 118.0% (JJS; prior year: 115.2%). The technical interest rate used by both collective plans amounted to 1.5% (prior year: 1.5%).

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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	
	03/31/2024	03/31/2023	2023	2023	2023	2023	2022
Pension plans with surplus	-	-	-	-	-10'819	-10'819	-9'386
Unfunded pension plans	-1'336	-1'370	7	27	-	7	351
Total	-1'336	-1'370	7	27	-10'819	-10'812	-9'035

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 85'564'000	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 (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%	•	•		•	•

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 2024, the Consolidated balance sheet as at 31 March 2024, the Consolidated cash flow statement and 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 112 - 139) give a true and fair view of the consolidated financial position of the Group as at 31 March 2024 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 5'500'000



We concluded full scope audit work and audits of selected account balances at five reporting units in three countries. Our audit scope addressed over 61% 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 5'500'000
Benchmark applied	Profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax 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 550'000 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, communicating the risks identified at Group level, determining the materiality thresholds for the audits performed by component auditors and conducting meetings with the component auditors, discussion of audit approach and audit evidence received and analysing their reporting.

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
Burckhardt Compression Group has projects in the systems division, which are accounted for as work in progress in accordance with Swiss GAAP FER.	Our audit procedures regarding the accounting for work in progress of systems division projects included in particular the following:
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.	<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 planning phase, and focused our testing on the following:



Please refer to page 118 "Accounting policies Inventories" and page 130 "Inventories & Customers Advance Payments" in the Notes to the Consolidated financial statements".	<ul style="list-style-type: none">- 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.
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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 remuneration 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 consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and 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 judgement 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 regarding 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 para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

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

PricewaterhouseCoopers AG

Oliver Illa
Licensed audit expert
Auditor in charge

Kevin Mueller
Licensed audit expert

Winterthur, 3 June 2024

Financial Statements of Burckhardt Compression Holding AG, Winterthur

Balance sheet

in CHF 1'000	Notes	03/31/2024	03/31/2023
Current assets			
Cash and cash equivalents		394	704
Other current receivables		1'991	1'628
due from third parties		1'839	1'628
due from group companies		152	–
Total current assets		2'385	2'332
Non-current assets			
Financial assets			
Non-current loans to group companies		28'607	38'945
Investments in subsidiaries	102	253'681	253'681
Total non-current assets		282'288	292'626
Total assets		284'673	294'958
Current liabilities			
Other current liabilities		8	10
Accrued liabilities and deferred income		938	976
Short-term loans from group companies		–	5'648
Bonds		100'000	–
Total current liabilities		100'946	6'634
Non-current liabilities			
Non-current financial liabilities from group companies		20'125	–
Bonds		–	100'000
Total non-current liabilities		20'125	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		153'509	172'319
Net income		6'446	21'577
Treasury shares	104	–6'553	–15'772
Total equity		163'602	188'324
Total equity and liabilities		284'673	294'958

Income statement

in CHF 1'000	2023	2022
Income		
Dividend income from group companies	9'605	45'127
Interest income from group companies	458	476
Income from services provided to group companies	192	192
Other operating income	794	72
Total income	11'049	45'867
Expenses		
Operating expenses	-1'722	-1'616
Other operating expenses	-367	-68
Financial expenses	-1'739	-21'600
Income tax expenses	-775	-1'006
Total expenses	-4'603	-24'290
Net income	6'446	21'577

Notes to the financial statements of Burckhardt Compression Holding AG

101 Accounting policies

The financial statements as per March 31, 2024 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

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.

Burckhardt Compression Holding AG uses derivative financial instruments exclusively as hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable future transaction (cash flow hedges). At inception of the hedge, Burckhardt Compression Holding AG documents the hedging relationship and the effectiveness between the hedging instrument and the hedged item.

The derivative financial instruments are off-balance sheet items.

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

Burckhardt Compression Holding AG's fiscal year 2023 comprises the period from April 1, 2023 to March 31, 2024.

102 Subsidiaries

The equity interests held directly and indirectly by Burckhardt Compression Holding AG are shown in note 33 "Group Companies" of the consolidated financial statements.

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, 2024, 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 Swiss Exchange Ltd., the following shareholders reported shareholdings of at least 3% of the share capital and voting rights as of March 31, 2024 (according to the statutory bylaws the voting rights of NN Group N.V, The Goldman Sachs Group Inc, UBS Fund Management (Switzerland) AG and Credit Suisse Funds AG are limited to 5% of the total number of the registered BCHN shares recorded in the commercial register):

Shareholders

Name	Country	03/31/2024	03/31/2023
		% of shares	% of shares
MBO shareholder pool (Valentin Vogt, Harry Otz, Leonhard Keller, Martin Heller, Ursula Heller, Marcel Pawlicek)	CH	9.97	12.40
NN Group N.V. ¹	NL	9.86	<3.0
The Goldman Sachs Group, Inc ¹	US	6.45	7.37
UBS Fund Management (Switzerland) AG	CH	5.06	5.02
Credit Suisse Funds AG	CH	3.24	<3.0
BlackRock, Inc.	US	3.07	3.07
Swisscanto Fondsleitung AG	CH	3.01	<3.0

¹ 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.

104 Treasury shares

in CHF 1'000	2023	2022
Number at the beginning of the period	33'413	9'343
Purchases	925	24'327
Sales	-20'533	-257
Number at the end of the period	13'805	33'413

In the reporting period, 205 shares (2022: 238) were allocated to the board of directors at a share price of CHF 548.63 (2022: CHF 431.19) as part of their fees for their term of office 2022/2023 (term of office 2021/2022). Further information is disclosed in the remuneration report on page 68.

105 Bonds

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.

106 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 1'000	03/31/2024	03/31/2023
Total liabilities to pension funds	0	0

Net release of undisclosed reserves

in CHF 1'000	03/31/2024	03/31/2023
Net release of undisclosed reserves	0	0

Derivative financial instruments

in CHF 1'000	03/31/2024	03/31/2023
Forward foreign exchange contracts (negative current fair value on cash flow hedge)	0	0

Guarantees

in CHF 1'000	03/31/2024	03/31/2023
Guarantees	44'343	28'399

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 64 to 69.

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	2023	2022
Retained earnings at the beginning of the period	193'896	197'749
Distributed dividend	-40'388	-25'430
Net income of the year	6'446	21'577
Retained earnings at the disposal of the Annual General Meeting	159'954	193'896
The Board of Directors proposes the following appropriation		
Gross dividend	-52'700	-40'800
Retained earnings carried forward	107'254	153'097

The Board of Directors will propose payment of a gross dividend of CHF 15.50 per registered share at the Annual General Meeting of Shareholders on July 5, 2024.

	2023	2022	2021
Gross dividend	15.5	12.0	7.5
Less 35% withholding tax	-5.4	-4.2	-2.6
Net dividend	10.1	7.8	4.9

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 2024, 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 145 - 150) 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 2'800'000
	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: Valuation 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 2'800'000
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.

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.

Valuation 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 capitalized 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 147 "Subsidiaries" in the notes to the financial statements.</p>	<p>For auditing investments in subsidiaries, we performed the following main procedures:</p> <ul style="list-style-type: none"> - We compared the book value of investments in the financial year with their pro-rata share of the respective company's equity or the company's valuation, based on an acceptable valuation method. - We assessed 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 2024.</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 remuneration 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 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 judgement 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 regarding 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 para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

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

Oliver Illa

Licensed audit expert
Auditor in charge

Kevin Mueller

Licensed audit expert

Winterthur, 3 June 2024

