
ANNUAL REPORT 2021



Compressors for a Lifetime™

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



ONLINE REPORT
report.burckhardtcompression.com



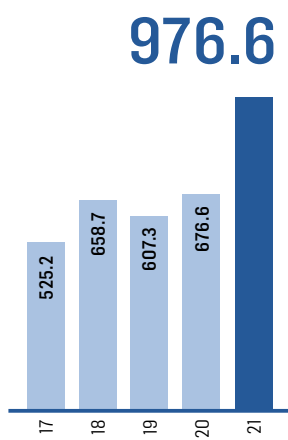
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Cover:
LNG Tanker Rainbow Flex
Photo of Benjamin Seeger,
Field Service Coordinator on
his way to his next job site
on board the Rainbow Flex.

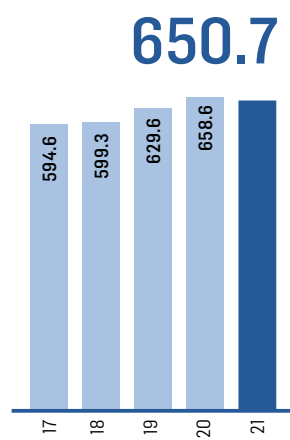
SIGNIFICANTLY HIGHER ORDER INTAKE

The fiscal year 2021 was characterized by a significantly higher order intake and a clearly improved operating income. The Board of Directors will propose a higher dividend. We made further progress towards our Mid-Range Plan targets as well as in integrating digitalization and sustainability into our strategy and operations.

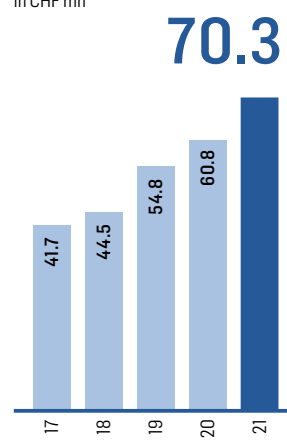
Order intake
in CHF mn



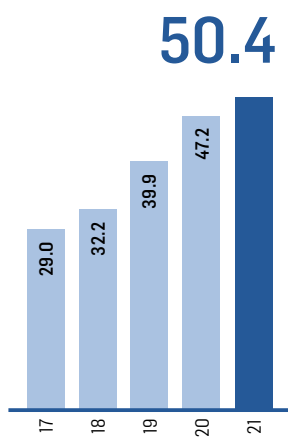
Sales
in CHF mn



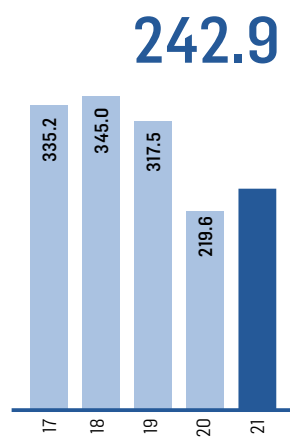
Operating income (EBIT)
in CHF mn



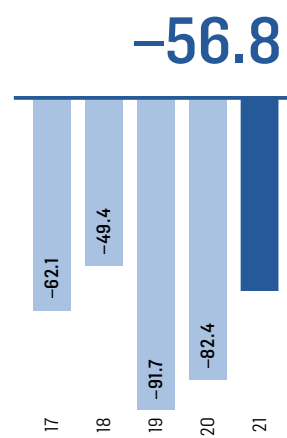
Net income
in CHF mn



Shareholders' equity
in CHF mn



Net financial position
in CHF mn





Water consumption

-8.1%

Global water consumption in our factories was reduced by 8.1%.

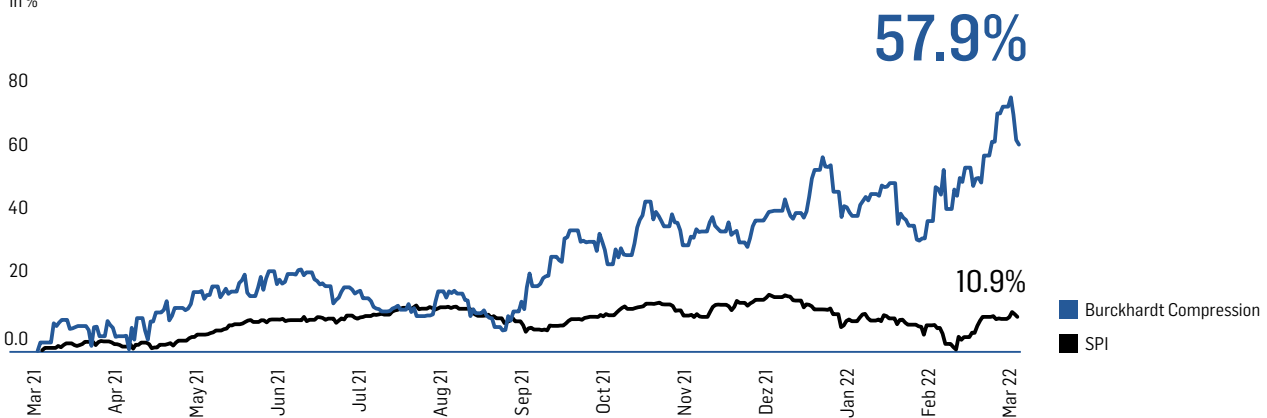
EcoVadis

Burckhardt Compression was awarded the EcoVadis silver medal in 2021 for its sustainability management, which placed it in the top 25% in the sector.



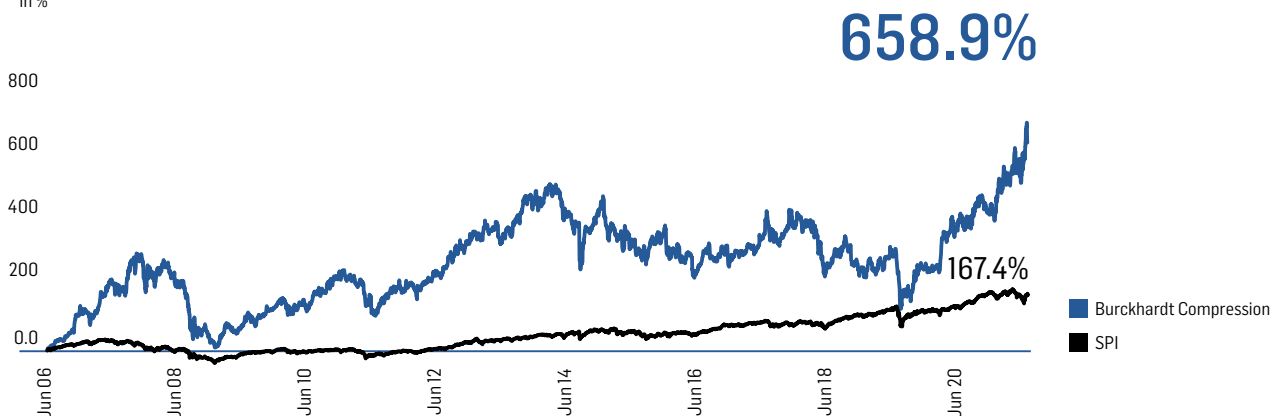
Performance FY2021

Total Shareholder Return FY2021
in %



Performance since IPO

Total Shareholder Return 26 June 2006 to 31 March 2022
in %





1.5 MILLION OPERATING HOURS WITH LABY®-GI COMPRESSORS

Burckhardt Compression's Laby®-GI compressor system plays an important role in the fuel supply on liquefied natural gas (LNG) carriers. During transport, the liquid gas warms up resulting in a small amount of evaporation in the form of boil-off gas that is then either reliquefied and fed back into the tank or used as fuel for the carrier's engines. Liquefaction systems and diesel gas engines both require pressure of up to 300 bar. This is why Burckhardt Compression has developed specific solutions for LNG applications that compress gas at low temperatures and high pressure, and meet the stringent requirements of use on the high seas. The unique selling point of the Burckhardt Compression system is the sealed crankcase that prevents methane from escaping into the atmosphere. In the reporting period, the installed system Laby®-GI recorded 1.5 million operating hours for the first time, reflecting its high level of reliability.

PARTNERSHIP WITH SHELL NEW ENERGIES

Shell New Energies has selected Burckhardt Compression as its partner for the development of oil-free high-pressure hydrogen compressors. As part of this project, Burckhardt Compression is building a new test facility in Winterthur, Switzerland, to further develop sealing technology and solutions for hydrogen refueling stations serving heavy-duty vehicles. These solutions will enable the compression of hydrogen gas up to 900 bar (as a booster), using non-lubricated compressors.



ECONOMICAL AND ECO- LOGICAL OIL-FREE HYDROGEN COMPRESSOR

In the reporting period, Burckhardt Compression developed and sold large high-pressure reciprocating compressors with a discharge pressure of up to 550 bar for use in a range of hydrogen applications. The innovative design makes them particularly suitable for filling hydrogen trailers and hydrogen fueling stations with high mass flows, and reduces the number of compressors required. The development of seals for oil-free high-pressure reciprocating compressors represents another milestone. These innovations enable Burckhardt Compression to efficiently support the planned increase in volume across various hydrogen applications.



COLLABORATION WITH MICROSOFT AND PTC

Under the name UP! Solutions, Burckhardt Compression offers digital solutions that provide real-time monitoring of compressors and remote support for customers' on-site maintenance – whether on land or at sea. To accelerate these developments, the company collaborates with the leaders in innovative digital solutions. In the reporting period Burckhardt Compression announced that it was working with PTC – based in Boston, US – to develop remote service solutions for customers around the world and augmented reality (AR) service solutions. Burckhardt Compression also works with Microsoft in order to offer customers remote support that's stable even in rough seas.

2021

ACQUISITION OF MARK VAN SCHAICK STRENGTHENS SERVICE BUSINESS

Burckhardt Compression's acquisition in December 2021 of Mark van Schaick BV, based in Rotterdam in the Netherlands, expands its repair and service capabilities in Europe. The company is a leading provider of complex repair services – including crankshafts – for customers worldwide in the maritime and petrochemical industries.



RECORD ORDERS FOR HYPER COMPRESSORS AND INDUSTRIAL GAS COMPRESSORS FOR THE SOLAR PANELS INDUSTRY

The sharp rise in global demand for solar cells and the resulting increase in production capacity led to a record number of orders for Burckhardt Compression in the reporting period. To make solar cells, polysilicon and a thin layer of EVA plastic are required – and Burckhardt Compression is a leading supplier of compression solutions for both.

ALWAYS CLOSE TO OUR CUSTOMERS

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



36

subsidiaries worldwide

2'732

employees

80

countries worldwide with Burckhardt
Compression presence



OUR CUSTOMERS

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

- energy companies,
- gas transportation and storage companies (onshore and offshore)
- customers in the marine sector
- H₂ processing industries
- petrochemical/chemical companies
- industrial gas companies
- general engineering companies that design and construct production lines or entire plants for our end customers

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

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

DEAR SHAREHOLDERS,

The fiscal year 2021 was characterized by a significantly higher order intake and a clearly improved operating income. The Board of Directors will propose a higher dividend. We made further progress towards our Mid-Range Plan targets as well as in integrating digitalization and sustainability into our strategy and operations.

Orders strongly driven by energy transition in Asia, USA and Europe

In the year under review, global markets benefited from the global transition towards more sustainable and secure energy sources. Thanks to our positioning along these trends, order intake increased significantly. The sharp rise in solar panel production in China strengthened the demand for compressors in the Low Density Polyethylene (LDPE), Ethylene-Vinyl-Acetate (EVA) and polysilicon plants applications, driving the growth in the Petrochemical and Industrial Gas markets. The demand for hydrogen fuel stations in Europe and the USA, as well as the ongoing investments in hydrogen liquefaction plants, drove orders in the Hydrogen Mobility and Energy markets, while the demand for LNG fueled ships (Liquefied Natural Gas), LNG carriers and LPG carriers (Liquefied Petroleum Gas) stimulated growth in the Transport and Storage business. The Services market in Asia Pacific (excluding China), North America and Europe benefited from a lifting of most pandemic-related lockdowns and travel restrictions during the year, with positive impacts especially on the maintenance and repair business. Engineered solutions and spare parts continued to grow.

Market and Business Challenges

The various lockdowns in China, as well as the Chinese energy shortages in the fall of 2021, impacted the business partially. Global challenges in the supply chain could so far be averted thanks to a diversified supply network and framework agreements with various suppliers. During fiscal year 2021, the related increasing raw material and logistic prices could be passed on or mitigated. Due to the war in Ukraine, Burckhardt Compression is not accepting new orders from the Russian market since mid-March 2022. In the past few years, 2% to 5% of sales were attributable to business with Russia. The tightening of sanctions, after the year-end closing, will affect the execution of the backlog of Russian projects. Many of these challenges are expected to continue in 2022.

Group: significantly higher order intake, clear growth of profitability

In fiscal year 2021, the Group increased its order intake significantly by 44.3% to CHF 976.6 mn. Sales amounted to CHF 650.7 mn, similar to the previous year. Gross profit was up 14.9%, to CHF 190.8 mn, yielding a significantly higher gross profit margin of 29.3% (previous year: 25.2%).

The consolidated operating profit (EBIT) rose 15.7%, to CHF 70.3 mn (previous year: CHF 60.8 mn), corresponding to an EBIT margin of 10.8% (previous year: 9.2%). Net profit of CHF 50.4 mn exceeded the previous year figure (CHF 47.2 mn) by 6.8%, while earnings per share attributable to Burckhardt Compression Group shareholders rose by 14.0%, from CHF 13.00 to CHF 14.82.



Selling, marketing and general administrative expenses amounted to CHF 106.9 mn (16.4% of sales). Research and development expenses increased by CHF 4.3 mn to CHF 19.7 mn in order to develop innovative solutions for the marine as well as hydrogen mobility and energy markets. Other operating income (net) was at CHF 6.1 mn, or CHF 3.0 mn above the previous year, primarily due to non-recurring effects.

Total assets at the end of March 2022 were reported at CHF 837.8 mn, 10.5% higher than in the previous year. This rise is attributable mainly to the strong increase in advance payments from customers and the growth in inventories. The net financial position at the end of fiscal year 2021 amounted to CHF –56.8 mn (CHF –82.4 mn at the end of fiscal year 2020). Work in progress pre-financed by customer advance payments improved to CHF 52.0 mn (end of March 2020: CHF 11.5 mn) as a result of the strong growth in order intake. Total equity improved to CHF 242.9 Mio. (+23.3 Mio.), while the equity ratio of 29.0% is unchanged from the previous year and slightly below the target level of over 30% – attributable to higher total assets and the offsetting of goodwill against the equity from the acquisition of Mark van Schaick BV.

Systems Division: markedly higher order intake, lower sales, EBIT and gross profit margins substantially up

After a strong first half-year, order intake of the Systems Division continued to grow in the second half of the year, reaching CHF 651.1 mn for the full year (+60.9%). This amount includes an exceptionally high number of large orders received for LDPE, EVA and polysilicon applications, ending up in a total amount of around CHF 150 million order intake. The invoicing of these projects will be spread over the next two fiscal years. Sales of CHF 372.7 mn was 9.1% below the previous year figure, due to the corona-related weak order intake in the first half of 2020. Gross profit was up 20.7% to CHF 71.3 mn, resulting in a gross profit margin of 19.1% (previous year: 14.4%), mainly due to a favorable product mix and a higher capacity utilization. Price increase in certain material categories were compensated by procurement savings and by professional project management. Thanks to a strong second half-year, the division significantly improved its EBIT margin to 5.7% (previous year: 3.9%) despite the lower sales volume.

Services Division: significantly higher order intake and sales, higher EBIT

Orders received by the Services Division rose by a strong 19.6% to CHF 325.5 mn, comparing to a previous year, which included a long-term marine service contract over a period of ten years in the low double-digit million range. Sales increased by 11.8% to CHF 278.0 mn. Gross profit grew by CHF 12.5 mn to CHF 119.6 mn, resulting in a gross profit margin of 43.0%, unchanged from the previous year. EBIT rose by CHF 7.1 mn to CHF 58.4 mn thanks to higher sales and resulted in an EBIT margin of 21.0% (previous year 20.6%). Arkos Field Services (USA) clearly improved, and the integration of the acquired Mark van Schaick BV business in the Netherlands is well underway.

First successes with digital solutions

In the reporting period, we integrated digital service solutions into our service portfolio under the name UP! Solutions. UP! Remote Support, the first service of its kind, supports our customers on site in real time with a HoloLens (augmented reality glasses) or a tablet. Our experts guide the on-site technician with precise instructions through each individual work step, diagnose problems, and propose solutions. Additional services based on data analysis and artificial intelligence are currently in development and will be tested with pilot customers in the current fiscal year.

First sustainability report in accordance with GRI standards

We made significant progress in systematically integrating sustainability into our strategy and business processes. We have strengthened our management approaches to the material sustainability topics in cross-functional teams and defined key performance indicators, which are presented in the sustainability report, following the GRI standards. Strengthening the sustainability performance and contributing to the energy transition is a long-term commitment and will play an integral role in the development of the new Mid-Range Plan for 2023 to 2027.

New CEO Fabrice Billard

On April 1st, 2022, Fabrice Billard, previously president of Systems Division, succeeded Marcel Pawlicek as CEO. While providing continuity for the execution of the last year of the current Mid-Range Plan, the new management will focus on building a new strategic plan, capitalizing on the future market opportunities related to the global energy transition and to the reduction of CO₂ and other greenhouse gas emissions at customer facilities.

Outlook for fiscal year 2022; new Mid-Range Plan in 2023

We expect to continue to benefit from the positioning in applications related to the global transition towards more sustainable and secure energy sources. Based on the order intake of the past two fiscal years and on the challenges in the supply chains, we currently expect sales to grow to between CHF 720 mn and CHF 760 mn at Group level for the fiscal year 2022, thus exceeding the target of CHF 700 set in the Mid-Range Plan. Due to one-off costs related to the tightening of sanctions towards Russia after the year-end closing (EBIT impact of CHF 5 to 7 mn expected), as well as a change in business mix towards our Systems Business, the operating margin is expected to be similar to the prior year and therefore within the Mid-Range Plan target of 10% to 15%. This is assuming that global challenges in the supply chain and geopolitical developments will not significantly impact the business activity levels going forward.

The new Mid-Range Plan for 2023 to 2027 will be prepared in the current fiscal year and is expected to be externally communicated in November 2022.

Dividend

Earnings per share attributable to Burckhardt Compression Group shareholders rose by 14.0%, to CHF 14.82. The Board of Directors will propose to the Annual General Meeting a dividend of CHF 7.50 per share (previous year: CHF 6.50), an increase of 15.4% compared to fiscal year 2020. This corresponds to a payout ratio of 50.6% of earnings per share attributable to shareholders of Burckhardt Compression (previous year: 50.0%), remaining at the lower end of the target range of 50% to 70% in order to further strengthen the equity ratio towards the target of 30%.



Ton Büchner, Chairman of the Board of Directors Marcel Pawlicek, CEO until March 31, 2022

Thanks

The Board of Directors and Executive Management would like to thank our employees for their continuing high level of commitment. Their unwavering engagement made it possible to satisfy our customers and clearly improve our financial performance in a challenging global environment. We would also like to thank our shareholders and our customers worldwide for their trust.

Kind regards,

Two handwritten signatures in black ink. The signature on the left is Ton Büchner's, and the signature on the right is Marcel Pawlicek's. Both are written in a cursive style.

Ton Büchner
Chairman of the Board of Directors

Marcel Pawlicek
CEO until March 31, 2022

Winterthur, June 8, 2022



KEY FIGURES

in CHF mn	2021	2020	Change 2021/2020
Total			
Order intake	976.6	676.6	44.3%
Sales	650.7	658.6	-1.2%
Operating income (EBIT)	70.3	60.8	15.7%
in % of sales	10.8	9.2	
Net income	50.4	47.2	6.8%
in % of sales	7.7	7.2	
Systems Division			
Order intake	651.1	404.6	60.9%
Sales	372.7	409.8	-9.1%
Operating income (EBIT)	21.1	16.2	30.4%
in % of sales	5.7	3.9	
Services Division			
Order intake	325.5	272.1	19.6%
Sales	278.0	248.8	11.8%
Operating income (EBIT)	58.4	51.2	13.9%
in % of sales	21.0	20.6	
Balance sheet			
Balance sheet total	837.8	758.1	10.5%
Shareholders' equity in %	29.0	29.0	
Net financial position	-56.8	-82.4	
Share			
Net income per share	14.82	13.00	14.0%
Dividend per share	7.50	6.50	15.4%
Payout ratio	50.6%	50.0%	
Market capitalization (in CHF mn)	1'662.6	1'071.0	55.2%
Employees			
Employees as per end of fiscal year (FTE)	2'732	2'538	7.7%
Apprentice	64	59	8.5%
Turnover rate	10.1%	9.5%	
Average company affiliation (years)	8.4	8.5	-1.2%
Environment			
Energy use (MWh)	42'581	38'733	9.9%
Greenhouse gas emissions Scope 1 (tCO ₂ e)	2'465	3'391	-27.3%
Greenhouse gas emissions Scope 2 (tCO ₂ e)	12'815	8'184	56.6%
Water (m ³)	83'810	91'218	-8.1%

TRADITION AND INNOVATION

For 178 years, Burckhardt Compression has been at the forefront of its industry and has continued to innovate to become the leader in reciprocating compression systems and services.

VISION

We are our customers' first choice for reciprocating compression solutions across the entire product life cycle.

MISSION

Systems Division: We provide optimum reciprocating compression solutions for every customer.

Services Division: We love to provide services that matter. Hands-on.

GUIDING PRINCIPLES

We are convinced that our well-established corporate culture forms the foundation of our competitiveness. The reputation that Burckhardt Compression enjoys and the mutual trust that exists within the Group depend mainly on the integrity and conduct of each and every employee. A comprehensive values program called "Values and Behaviors" ensures that employees in all Group's locations and companies share and actively uphold the same corporate values and principles.

KEY APPLICATIONS

Gas gathering and processing

The production of marketable and transportable natural gas begins with pre-processing at the gas field itself using high-speed compressors. These remove condensates, acid gas, mercury and water from the gas. Typically, such processes produce the corrosive exhaust gases carbon dioxide (CO₂) and hydrogen sulfide (H₂S), which are then removed from the process by injection into high-pressure disposal wells using reciprocating compressors.

Besides these onshore solutions, Burckhardt Compression also provides offshore solutions for various applications associated with gas gathering and processing.

Gas transport and storage

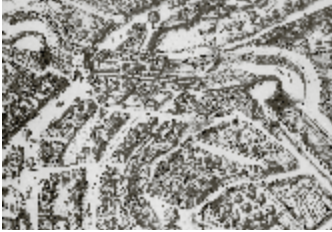

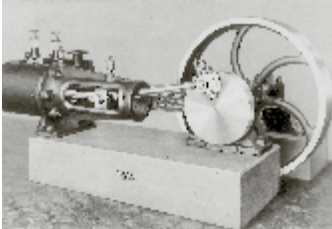

Gas transport and storage is a key market for Burckhardt Compression. In order to store or transport gases, they must be compressed or liquefied. Gases typically used in this area of application are LNG (liquefied natural gas), LPG (liquefied petroleum gas) and CNG (compressed natural gas). In the case of natural gas, liquefaction shrinks its volume by a factor of 600. Gas transport via LNG tankers offers greater flexibility and avoids the geopolitical risks associated with a dependence on gas pipelines. The process chain supported by Burckhardt Compression's compressors and services includes liquefaction, transfer to the carrier, handling the boil-off gases (BOG) during transport, unloading, storage until regasification, and feeding into the consumer network. Burckhardt Compression provides unique solutions for the compression and reliquefaction of BOG and fuel gas injection in two- or four-stroke marine diesel engines, and has acquired a significant share in the LNG-powered ships market over recent years. The company offers high and low pressure solutions for dual-fuel engines. Both systems allow the ship operator to switch between diesel fuel injection or injection of BOG produced on board. In addition to LNG carriers, commercial and cruise ships also increasingly use LNG or dual-fuel engines in order to meet stricter environmental regulations. Burckhardt Compression's compressors are the only ones that do not result in loss of gas (known as "methane slips") and therefore meet the very highest emissions regulations. Increasing energy requirements and the associated rise in demand for natural gas has boosted global trade. Burckhardt Compression also offers solutions for gathering and storage of natural gas and other hydrocarbons in onshore or offshore installations.

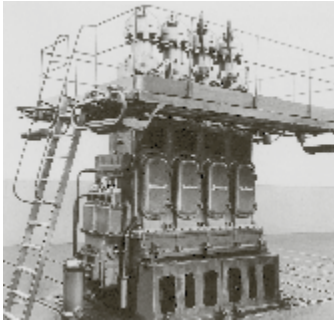
Refinery

Refineries use distillation and chemical reactions to turn crude oil into commercial products from which a range of fuels and lubricants can be extracted, as well as raw materials for other downstream processes. In this market, Burckhardt Compression mainly supplies compressors for various hydrogen applications (hydrotreating, isomerization, hydrocracking, reforming). The compressors are used to refine the raw products and reduce the nitrogen and sulfur content and odorants. Stricter environmental regulations, increased cost pressure, facility expansion and the requirement to process raw products of differing quality in a single facility, are important



From engineering workshop to global market leader

- **1844**
Franz Burckhardt opens engineering workshop in Basel


- **1856**
Production of steam-powered machines
- **1883**
Development and sale of the first single-stage, dry-running reciprocating compressor

- **1890**
August Burckhardt founds the Burckhardt Maschinenfabrik
- **1913**
Delivery of first compressor for ammonia synthesis to BASF Ludwigshafen, Germany
- **1920**
Start of fertilizer production using ammonia synthesis compressors


- **1935**
Development and sale of the first labyrinth piston compressor (Laby) for oxygen compression in steel production
- **1951**
Manufacture of LDPE thermoplastic using hyper compressors

- **1969**
Acquisition by Sulzer
- **1971**
Transport and storage of natural gas with process gas compressors
- **1982**
Consolidation of Sulzer's activities in the field of reciprocating compressors to form Maschinenfabrik Sulzer-Burckhardt AG
- **1999**
Consolidation of Basel and Winterthur sites at the Winterthur site
- **2002**
Five members of the management board buy out the business together with a financial investor. Name changed to Burckhardt Compression
- **2006**
Stock exchange listing on the SIX Swiss Exchange (IPO), valor BHCN
- **2013**
Laby®-GI compressors were used on LNG tankers

- **2015/19**
Acquisition of Arkos Field Services, US, in two stages. Access to a qualified workforce and service centers across the US

- **2016**
New company structure with two divisions, Systems and Services
- **2016/20**
Acquisition of Shenyang Yuanda Compressors, the leading Chinese manufacturer of reciprocating compressor systems, in two stages. Proximity to local market, expansion of the product portfolio and direct access to an established, local supply chain

- **2020**
Acquisition of the compressor business of The Japan Steel Works JSW to strengthen position in the global market and particularly in Japan
- **2021**
Acquisition of Mark van Schaick
- **2021**
Launch of high pressure non-lubricated compressor for H₂ mobility and energy

Company history ●
Compressor development ○

drivers in this area of application. Standard refineries are increasingly converted into biorefineries in which various intermediate and end products (e.g. chemicals, materials, bioenergy) are sustainably produced with the fullest possible use of biomass.

Petrochemical/chemical industry

The petrochemical/chemical industry is one of Burckhardt Compression's main markets. The production of a vast range of petrochemical and chemical products, such as polyolefins (polymers), lacquers, synthetic rubbers, adhesives and dyes, solvents, paints, fertilizer, detergents and textiles, entails the processing of oil and natural gas. Demand in this area is fed primarily by the growing worldwide demand for industrial products made of plastic, which is driving an expansion of production capacity, combined with a trend towards greater local added value. Chemical recycling, which uses reciprocating compressors to break down petrochemical products to the constituent gas, is an application that will gain in importance as it conserves resources. The lower consumption resulting from increased recycling of everyday products is more than offset by greater demand for high-end plastic products. In this application area, companies will continue their efforts to reduce costs by replacing smaller plants with larger ones, establishing strategic production sites and extending value-added chains.

Hyper Compressors, one of Burckhardt Compression's specialist products, are used in the manufacture of industrial plastics, in particular solar panel film.

Industrial gas

The end market for industrial gases is quite broad, encompassing industries as diverse as metalworking and metallurgy, chemical companies, food manufacturing, glass, pulp and paper manufacturing, electronics, construction, rubber and plastics processing and healthcare. Industrial gases, such as argon, helium, carbon dioxide, carbon monoxide, oxygen, nitrogen and hydrogen, are produced in air separation or hydrogen generation plants. Growth drivers are regional growth and industry-specific growth. It is also important to mention the leading role that Burckhardt Compression now plays in solutions for the production of polysilicon, thanks to the rising demand for solar panels.

60

Burckhardt Compression has more than 60 years of experience and offers a broad product range of hydrogen applications and oil-free compressors.

H₂ mobility and energy

H₂ mobility and energy is the fastest growing market for Burckhardt Compression. The energy and transport industry's hopes rest on hydrogen and its use as a driver of the urgently required reduction in carbon dioxide emissions. Compressors play a key role in the hydrogen logistics chain. Demand for ultra-pure high-pressure hydrogen for fuel cells is increasing rapidly. The company has developed solutions for hydrogen production and liquefaction plants, hydrogen fueling stations with high mass flows, trailer filling and power-to-gas hydrogen production.

COMPRESSOR SYSTEMS

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

Laby® – Labyrinth Piston Compressors

The Labyrinth Piston Compressor is unique with its exceptional level of reliability and availability. The special Labyrinth seal on pistons and piston rods creates a completely oil-free, contactless seal.

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



Laby®-GI Compressors

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

Process Gas Compressors per API 618

We have many years of experience with hydrogen compression systems for the refining industry and now also offer hydrogen compression solutions for the H₂ mobility marketplace. Process Gas Compressors built by Burckhardt Compression are synonymous with unrivaled availability and long operating lives. Optimal sizing and the use of top quality compressor components and materials ensure low operating and maintenance costs.

Our Process Gas Compressors are built to customer-specific application requirements in accordance with the API 618 guidelines. Burckhardt Compression offers non-lubricated and lubricated Process Gas Compressors, horizontal and vertical. They are suited in particular to the high-pressure compression of hydrogen, hydrocarbon and corrosive gases.

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

Burckhardt Compression now offers a complete portfolio of Process Gas Compressors for refineries. In addition to the premium product line, which focuses on lowering operating costs through optimized design and high-quality components, we now offer a robust, modular and CAPEX-optimized product line. Thanks to Burckhardt Compression global engineering and service organizations, customers benefit from the Group's centers of excellence around the world and comprehensive solutions geared to customer requirements.

Hyper Compressors

Burckhardt Compression is the world market leader for Hyper Compressors. The Hyper Compressor is a high-pressure reciprocating compressor for low density polyethylene (LDPE) and ethylene-vinyl acetate (EVA) plants with a discharge pressure of up to 3'500 bar. Burckhardt Compression has established an outstanding track record with nearly 70 years of experience in building this type of compressor. They are characterized by a long operational life and high safety standards, which can be traced to their unique construction design and Burckhardt Compression's global one-stop maintenance and service capabilities.

The most powerful compressor in the world, driven by a 33'000 kW electric motor and compression capacity of 400'000 tonnes of ethylene a year, was built by Burckhardt Compression in 2016.

Standard High-Pressure Compressors

Burckhardt Compression's standard high-pressure compressors are reciprocating compressors with a compact design and low weight. They are delivered skid-mounted with structural supports that dampen vibration, so there is no need for a special foundation. The air and water-cooled compressors are used to compress air, hydrogen, nitrogen, helium, argon, natural gas and other non-corrosive gases and gas mixtures at land facilities and on ships. The standard high-pressure compressors, which are smaller than the other compressors in Burckhardt Compression's portfolio of piston compressors, have an output of up to 220 kW, maximum discharge pressure of 450 bar and suction volumes of up to 1'500 Nm³/h.

High-Speed Compressors

High-speed compressors are essentially process gas processors with shorter strokes and higher rotational speeds (1'000–1'800 rpm). These compressor systems are used for natural gas production and transport applications, and they are often powered by gas engines rather than electric motors. Due to the short-term nature of planning decisions in this industry, there is a strong desire to keep initial investment costs to a minimum. With this in mind, Shenyang Yuanda Compressor launched a compressor specifically for natural gas production and transport companies. It is now marketed to selected industries through Burckhardt Compression's distribution channels. Initial project wins in Europe attest to this product's potential.

Diaphragm Compressors

Diaphragm compressors compress gas by means of a flexible membrane. These membranes are usually metallic and have a limited stroke, and are thus used for smaller gas flows. The advantage of this technology is that the gas is hermetically sealed by the membrane during compression, so very high levels of gas purity can be achieved. Compression is also oil-free and very high pressures can be achieved. Burckhardt Compression's diaphragm compressors are produced by Shenyang Yuanda Compressor and are used for small hydrogen fueling stations and for the compression of small quantities of pure gas for medical and other purposes.

24/7

Depending on the size of the project and site, Burckhardt Compression also offers 24/7 shift operation, so production systems can be put back into operation even faster.

SERVICE AND COMPONENTS BUSINESS

The Services Division operates as a holistic provider of service expertise for reciprocating compressors and the associated system technology. Its comprehensive range of services, from simple modifications to extensive retrofit and revamp projects, and turnkey solutions, is backed by OEM parts with high supply readiness and vast engineering know-how. Experienced field service technicians ensure close interaction with the customer and rapid response. Service Centers around the world also handle repairs of all brands. We also provide reliable expert monitoring and diagnostic solutions and advisory services – all from a single source.

Comprehensive engineering, revamp and repair expertise

For operators, the reliability, availability and cost-effectiveness of reciprocating compressor systems, and their compliance with environmental and emission regulations, are crucial; thus, partners that can offer expertise and sound advice are crucial. Burckhardt Compression stands out from other manufacturers and service providers because of its comprehensive in-house expertise. A wide range of complementary services are offered individually for all brands of reciprocating compressors and their auxiliary systems. Our internal specialists come from various technical fields and use proprietary, advanced software tools to model, calculate, and optimize reciprocating compressor performance, regardless of make or brand. They are capable of resolving even highly complex technical problems cost-effectively and efficiently. A highly motivated team carries out revamp projects of any complexity to the full satisfaction of customers and can prolong the operating life of older compressors by retrofitting them with the latest technology. This range of services also includes a valve service, overhaul of compressors and repairs to the current best practice level. This work is done by 50 service workshops around the world.

Original spare parts for optimal compressor operation

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

Monitoring and diagnostics – digital service solutions

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

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



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

The introduction of the myFleet customer portal provides Burckhardt Compression's customers with a transparent overview of its products and services, enabling users to access compressors and spare parts so that they can stay on top of business. The myFleet portal offers a rapid, transparent and efficient overview of queries, documentation and spare parts for compressors.

Field Service – close to the customer

Geographic proximity and trusting relationships are vital to Burckhardt Compression's success. More than 300 experts in Field Service, from engineers to local site managers, provide a rapid response capability that covers all the necessary skills and is notable for a pronounced service mentality. A local presence simplifies interaction with the customer, shortens the supply chain and maximizes uptime. This service network will continue to grow.

Customer training

The objective of our ever-growing range of customer training and learning programs is to foster regular technical exchange with our customers on compressors and their operation, and to pass on Burckhardt Compression's engineering expertise. Theoretical and practical training programs for various types of compressors and for our own and third-party components are offered at our modern training center in Winterthur, and at locations in Korea, China, India, Germany and the US; we also provide on-site training at customer sites for their systems. As part of the digitalization strategy, online training has recently been accelerated to the point that it is already more important than physical face-to-face training. This trend will continue in coming years.

PRODUCT DEVELOPMENT AND INNOVATION

Innovation management and systematic product development serve to strengthen our competitive position and enable us to enter new markets. The overarching goal is to enhance and strengthen our market-leading technology. Quality, technology, materials, and design specifications are geared towards high operational reliability, optimal service intervals and easy maintenance – all with the aim of achieving the lowest possible operating costs and increasing the sustainability of our solutions.

Our product development follows a Stage-Gate process. It starts with the idea generation and selection phase and goes through the initial evaluation of product viability and market attractiveness, followed by the elaboration of product performance specifications and market analysis, and then the actual product development and subsequent launch. After commissioning and operation, a final check is conducted. All Stage-Gate milestones are subject to approval by the Innovation Board, which is headed by members of the Executive Management.

Our more than 300 field service experts have gained their know-how over many years and have extensive expertise in each particular application.

ACTIVE INTEGRATION OF STRATEGY AND SUSTAINABILITY

Our strategy builds on an integrated business model and is supported by long-term energy trends and digitalization.

INTEGRATED BUSINESS MODEL

Integrated business model as the key to our success

Most compressors function as critical components of a larger system with an average lifespan of 40 years or more, so it is vital to have the support of a long-term oriented organization that offers expertise in all aspects with highly trained employees. The key to ensuring the sustainability of our solutions and success on the market is a profound knowledge of the requirements of numerous application areas, and technical expertise in the systems and individual components. Burckhardt Compression's two divisions, Systems and Services, cooperate with each other closely and

between them cover the entire life cycle of reciprocating compressor systems. Customers are supported throughout the whole life of their systems by a wide range of products and services, from project definition, project execution, system installation and commissioning ongoing service and spare parts through to the complete overhaul of their system or even its conversion for a new purpose.

The graphic below shows the entire life cycle of a compressor project, including all project phases, and also displays the interaction between the two divisions.

LIFE CYCLE OF A TYPICAL PROJECT

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

- Systems Division
- Services Division



BASF is one of our longest-standing customers. As early as 1885, Burckhardt Compression supplied one of the first reciprocating compressors to Ludwigshafen. And we are proud that the company is still among our valued customers today.

RESILIENCE

Stability in extraordinary situations

Burckhardt Compression's business model, based on two strong divisions, proved its worth in the exceptional situation caused by the pandemic and contributed to the firm's stability. The company's deliberate decision to diversify geographically in recent years has also proved correct. Since the Systems Division has production facilities on different continents, the impact of local lockdowns on logistical supply chains and production itself could be mitigated. The Services Division also benefited from a broad geographical presence and the expansion of its global marine business. The effects of travel restrictions remained within bounds thanks to the global network of Service Centers that has been built up and continuously expanded in recent years.

SUSTAINABILITY

A long-term strategic commitment

For Burckhardt Compression, sustainability means creating long-term values for society, the environment and the economy. Our sustainability roadmap follows an impact driven approach, is focused on material topics and has a firmly anchored governance. We have a long track record of implementing high standards in terms of working conditions, employment relations, environmental management, health and safety at work and in providing durable and repairable products. This is a comprehensive commitment that we continue to expand.

Our compressors are used mostly in upscaled industrial and energy supply processes. With our technology and engineering expertise, we help our customers reduce energy consumption, greenhouse gas emissions and resource use. That is why we work closely with our customers and develop robust solutions to tackle their challenges.

Read more in our Sustainability Report on page 30.

MID-RANGE PLAN FOR FISCAL YEARS 2018 TO 2022

On track to achieve target

Burckhardt Compression's strategy process is based on a mid-range plan that is usually revised every five years and reviewed annually. The current plan covers the fiscal years 2018 to 2022; the next plan for the period 2023 to 2027 is in preparation. The main objective of both divisions is to further strengthen market leadership and achieve profitable growth.

According to the current mid-range plan, the focus of the Systems Division is on improving profitability while maintaining global market leadership, with target sales for 2022 of CHF 340 million and an EBIT margin of 0% to 5%. The achieved sales figure was higher in the years 2017 to 2021, and at 5.7% in 2021, the EBIT margin exceeded the upper value of the target corridor. In addition, the presence in the various market segments is to be diversified more broadly and new applications are to be launched.

The Services Division aims to increase its sales to CHF 360 million including Arkos Field Services by 2022, but will probably not quite reach the specified sales figure. A target corridor of 20% to 25% has been defined for the EBIT margin, which has been consistently achieved in recent years. The growth priorities in the service business are the steadily increasing installed base of own equipment as well as the service business for compressors from other manufacturers, primarily from manufacturers that have left the market. To this end, Burckhardt Compression will take further operational initiatives such as the implementation of global processes, the further expansion of the local and regional presence as well as the development of service structures for the marine business.

As stated in the letter to shareholders, Burckhardt Compression expects sales to grow to between CHF 720 million and CHF 760 million for the current fiscal year 2022, thus exceeding the target set in the mid-range plan. The operating margin for fiscal year 2022 is expected to be similar to the prior year and thus within the expected range of 10% to 15%. This is assuming that global challenges in the supply chain and geopolitical developments will not significantly impact the business activity levels going forward.

50%

Sustainable energy and natural gas applications already account for about 50% of our overall sales.

GROWTH SUPPORTED BY MEGATRENDS

Population growth and energy transition

Burckhardt Compression's strength in selected applications make it very well placed to support the world's population growth and to meet the energy transition challenges.

With the global population rising, demand for industrial gases for applications such as fertilizers, medical usage and food and beverage packaging will continue to grow. Demand for natural gas as a fuel for mobility, heating, and cooking is also rising due to the growing middle class worldwide. Global demand for petrochemical and chemical products and industrial gases also continues to rise, driven by the growth in global GDP and the sharp increase in demand for solar panels. And in this area of application, sustainability aspects, such as recycling or the use of alternative raw materials, are becoming increasingly important. Hydrogen is growing fast for applications in the mobility and energy sectors. In addition, ever-strict environmental regulations for the shipping industry are resulting in new, innovative engine solutions, such as the dual-fuel engine for which Burckhardt Compression has developed a unique compressor solution.

Solutions and services for sustainable energies and natural gas applications already account for about half of Group sales.

Digitalization

Burckhardt Compression has successfully advanced the development of digital products for its customers. The collection and evaluation of data on oscillation, vibration and temperature, combined with the expertise at Burckhardt Compression, leads to increased efficiency and availability of the compressors. Any anomalies are calculated down to fractions of a second and operators are informed immediately. Comparison of our data with other similar compressors enables us to predict service work that may be required.

Under the name UP! Solutions, we offer digital products that provide added value to the customer. One of these is UP! Remote Support, where a Burckhardt Compression expert provides real-time support to customers via HoloLens – augmented reality glasses – or via their tablet, all ATEX-certified for potentially explosive situations. The experts direct local maintenance crews and issue precise instructions for each subsequent stage in the process. Expert knowledge is therefore available at all times and in all places.

Burckhardt Compression works with exceptional partners to ensure that we continue to offer leading solutions, such as Microsoft, which provides Microsoft Dynamics 365 remote assist for UP! Remote Support, and PTC, which provides Vuforia – the perfect link between the physical and digital world for use in augmented reality solutions.

As part of excellent know-how, Burckhardt Compression also offers state-of-the-art digital solutions. They were developed in collaboration with innovation leaders such as Microsoft and PTC.



STRICT BRANDING

Burckhardt Compression constantly strives to optimize and strengthen its established brand internationally. Our corporate identity and long-term brand strategy express the organization's values and principles, and highlight Burckhardt Compression's position as unique, long-term and global partner with a strong Swiss tradition. The umbrella brand, and its corresponding logo in the form of the red-blue stylized compressor valve plate, has been internationally registered for many years.

When making an acquisition, Burckhardt Compression decides at the start of the integration process whether a brand is to be retained or integrated into an existing house brand.

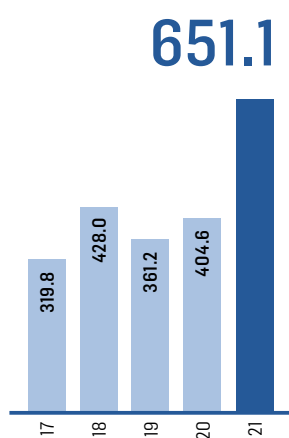
Burckhardt Compression Group brands:

- Shenyang Yuanda Compression, one of the largest manufacturers of reciprocating compressors in China, whose products are sold in its domestic market
- BCS Compressor, products made by Shenyang Yuanda Compressor for export markets that leverage Burckhardt Compression's global sales network, processes, and service organization
- Arkos Field Services, our exclusive services provider in the US
- Prognost, the world leader in compressor monitoring and diagnostic systems
- SAMR, a leading manufacturer of sliding bearings based in France
- Mark van Schaick, repair and service expertise in Europe for the maritime and petrochemical industries
- Digital applications and solutions are presented under the internationally registered name "Up! Solutions"

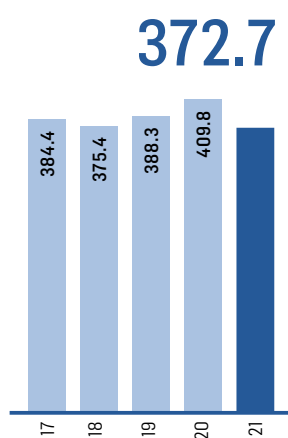
Burckhardt Compression's brand and patent attorneys will vigorously and steadfastly defend the company against any imitations, counterfeiting or patent infringements. Clear rules govern use of the brands and their perception is developed and promoted through active use in corporate and marketing communication.

Systems Division

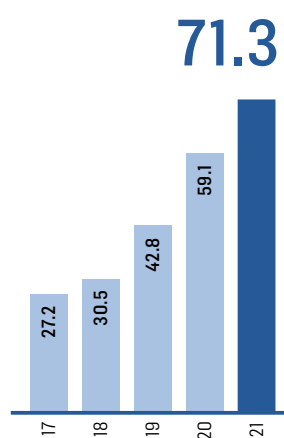
Order intake
in CHF mn



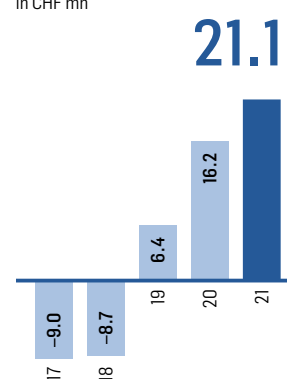
Sales
in CHF mn



Gross profit
in CHF mn



Operating income (EBIT)
in CHF mn



in CHF mn

	2021	2020	Change 2021/2020
Order intake	651.1	404.6	60.9%
Sales	372.7	409.8	-9.1%
Gross profit	71.3	59.1	20.7%
in % of sales	19.1%	14.4%	
EBIT	21.1	16.2	30.4%
in % of sales	5.7%	3.9%	
Headcount at end of fiscal year (full-time equivalents)	1'518	1'429	6.2%



Post-COVID recovery and global transition towards more sustainable and secure energy sources resulted in an exceptionally high order intake growth.

+61%

The strong order intake growth is due to the markets' generally rapid recovery from the pandemic since the beginning of 2021, combined with the accelerated global energy transition. This growth was particularly strong in solar panel applications (LDPE/EVA and polysilicon) in China, marine business in LPGM/LNGM applications, and in the H₂ mobility and energy market.

After a strong first half-year, order intake of the Systems Division increased significantly once again in the second half of the year, reaching CHF 651.1 mn for the year (+60.9%). This amount is including an exceptionally high number of large orders received for LDPE, EVA and polysilicon applications, ending up in a total amount of around CHF 150 million order intake. The invoicing of these projects will be spread over the next two fiscal years. Sales of CHF 372.7 mn was 9.1% below the previous year figure, due to the corona-related weak order intake in the first half of 2020. Gross profit was up 20.7% to CHF 71.3 mn, resulting in a gross profit margin of 19.1% (previous year: 14.4%), which was supported to a large extent by a more favorable product mix and a higher capacity utilization. Price increase in certain material categories were compensated by procurement savings in others and by strong performance in project execution. Thanks to a strong second half-year, the division significantly improved its EBIT margin to 5.7% (previous year: 3.9%) despite the lower sales volume.

MARKETS

Burckhardt Compression offers compressor system solutions in the following application areas:

- Gas gathering and processing
- Gas transport and storage, incl. marine
- Refinery
- Petrochemical/chemical industry
- Industrial gas
- H₂ mobility and energy

Burckhardt Compression maintained its strong market position in the reporting period.

Burckhardt Compression signed a Memorandum of Understanding with HRS, a European designer and manufacturer of hydrogen refueling stations and pioneer in hydrogen mobility to contribute to the energy transition with reliable and economical compression solutions to scale up the hydrogen infrastructure.

Gas gathering and processing

After the drop seen in fiscal year 2020, the market gradually recovered in the reporting period. However, despite rising prices for crude oil and natural gas, new investment remained at a low level.

Gas transport and storage

In the first half of the year, this segment benefited from a surge in demand in the LPGM market. The LNG marine segment also recorded growing demand, both in the transport of gases and for LNG-powered ships. Several orders for LNG terminals were received, especially in China.

Refinery

Demand recovered in 2021, driven by various capacity expansion projects and bio-fuel projects in North America and Europe.

Chemical and petrochemical industry

This area of application saw significant activity due to large LDPE/EVA projects for solar panel plants in China.

Industrial gas

The various user industries are developing in line with our expectations, matching the increase in global GDP. In the reporting period, Shenyang Yuanda Compressor benefited from the booming market for polysilicon in China, the main raw material in the production of solar cells.

H₂ mobility and energy

Recently, and particularly in the reporting period, investments in the hydrogen economy have been strongly increasing in the hydrogen economy has been strongly increasing due to efforts to reduce CO₂ emissions and secure additional energy sources. One particular order concerned compressors for the world's largest hydrogen liquefaction plant in Korea. We entered into a partnership with Shell New Energies to develop oil-free high-pressure hydrogen compressors. It still represents only a small portion of the total market, but the long-term potential is undoubtedly huge.

10'000

The Laby®-GI Compressor type LP250 is the world's first oil-free reciprocating high-pressure fuel gas compressor in service. The compressor system is installed on a LNG carrier and reached 10'000 hours of uninterrupted operation.

SALES ORGANIZATION

In the course of the reporting period, the Systems Division consolidated its sales structure by merging the North-East and South-East Asia regions into a single larger East Asia region. At the same time, we strengthened Korea as a regional hub for both sales and project execution. In the area of H₂ mobility and energy, we expanded our sales capacity in Europe, the US and Korea.

INFRASTRUCTURE AND CAPACITY

In Winterthur, Burckhardt Compression has invested substantially in logistics, including a new high-bay warehouse, in order to optimize processes and eliminate external storage areas. Investment in our manufacturing workshop is also ongoing to build lean manufacturing cells and accelerate production throughput. The higher level of orders also required an increase of personnel, with the focus on China, India and Switzerland.

RESEARCH AND DEVELOPMENT

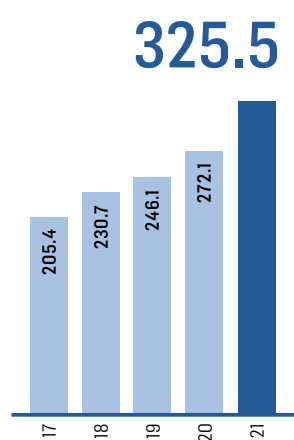
Development activities focused on three areas: technology for the compression of hydrogen as an energy carrier, new products for the supply of gas-powered ships and portfolio optimization for applications in the petrochemical industry. The newer markets of gas-powered ships and energy supply using hydrogen both require new, standardized products, including the control and monitoring of compressors. In the reporting period, we developed the first products that meet these requirements.

OUTLOOK

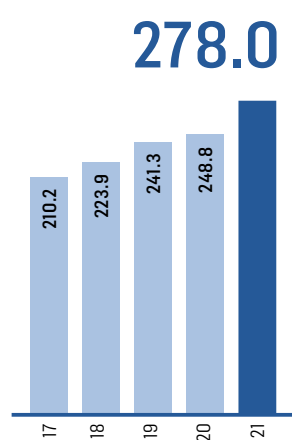
In the gas gathering and processing market, the rise in prices for crude oil and natural gas, combined with potential shifts in the geographical focus of production, could stimulate investment in USA and in the Gulf region. In the gas transport and storage market, the global need to secure energy sources and the trend towards environmentally friendly energy is resulting in a strong demand of LNG as fuel. Increased efforts to provide sustainable energy will compel the refinery segment to press ahead with the development of biofuels. As far as the petrochemical/chemical industry is concerned, Burckhardt Compression expects to receive a steady level of orders in the next fiscal year. In the fiscal year 2022 onwards, however, the industrial gas market is expected to remain strong due to new polysilicon plants in China. Finally, the H₂ mobility and energy market, in which Burckhardt Compression recorded significant progress in the reporting period, is expected to become a significant sales pillar for the company in the medium term due to global environmental and energy policy targets.

Services Division

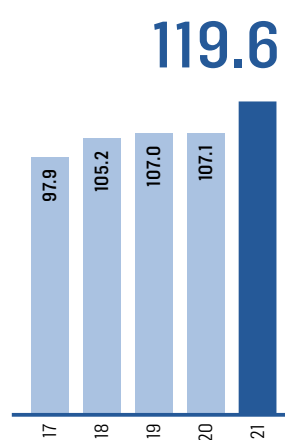
Order intake
in CHF mn



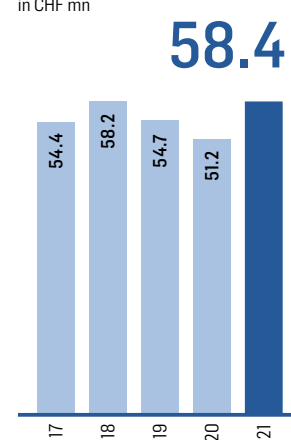
Sales
in CHF mn



Gross profit
in CHF mn



Operating income (EBIT)
in CHF mn



in CHF mn

	2021	2020	Change 2021/2020
Order intake	325.5	272.1	19.6%
Sales	278.0	248.8	11.8%
Gross profit	119.6	107.1	11.6%
in % of sales	43.0%	43.0%	
EBIT	58.4	51.2	13.9%
in % of sales	21.0%	20.6%	
Headcount at end of fiscal year (full-time equivalents)	1'198	1'095	9.4%



The Services Division succeeded in significantly increasing order intake in fiscal year 2021, primarily in Engineering/Revamp/Repair and Spare Parts.

+20%

In the reporting period, the Services Division used its strength as a full service provider to increase its level of incoming orders by 19.6% in a positive market environment. Sales rose by 13%. The EBIT margin rose again thanks to higher sales and resulted in a slightly higher EBIT margin. As part of the current mid-range plan for 2018 to 2022, we have implemented redefined business processes, intensified our marine business, set up our technical Support Center and expanded our global sales training.

Orders received by the Services Division rose by 19.6% to CHF 325.5 mn, which is a strong performance given the fact that the previous year included a long-term marine service contract over a period of ten years in the low double-digit million Euro range. Sales increased by 11.8% to CHF 278.0 mn. Gross profit grew by CHF 12.5 mn to CHF 119.6 mn, resulting in a gross profit margin of 43.0%, unchanged from the previous year. EBIT rose by CHF 7.1 mn to CHF 58.4 mn thanks to higher sales and resulted in a slightly higher EBIT margin of 21.0% (previous year 20.6%). Arkos Field Services (USA) was profitable, and the integration of the acquired Mark van Schaick BV business in the Netherlands is well underway.

MARKETS

Burckhardt Compression offers services in the following application areas, certified to ISO 9001, 14001, and 45001:

- Preventive maintenance
- Spare parts for compressor systems
- Overhauls and repairs
- Project solutions for modernizations and plant improvements
- Problem diagnoses and troubleshooting
- Solutions for plant monitoring (Prognost)

In the reporting period, Burckhardt Compression expanded and strengthened its market position. Demand for spare parts and services increased, particularly in China, Europe, and the US. In the marine segment, we carried out several dry dock overhauls, including the first 5-year overhaul of a Laby®-GI for Teekay LNG. Demand for complete solutions for overhauls (turnarounds) rose in Europe and the Middle East, and these were com-

After five years in service, an LNG carrier was scheduled for dry-dock in Singapore, but with just three weeks' notice, the location was changed to Dubai. Burckhardt Compression quickly redeployed its maintenance team and logistics to ensure both boil-off gas (BOG) compressors were serviced within the 18-day window.

pleted safely and to schedule for our customers. We entered into strategic partnerships with KB-Delta and SERO PumpSystems, and long-term collaborations with leading compression systems operators on land and on the seas.

Spare Parts

Growth in the spare parts business continued in the reporting period, both for our compressors and for those of third-party suppliers. Burckhardt Compression also benefited from the trend for spare parts to be required in conjunction with services. The targeted expansion of the third-party products business is generating an increasing proportion of sales.

Engineering/Revamp/Repair

This segment saw increased activity, with significant orders received from Germany, Norway, China, Singapore, Taiwan and central Asian countries. Thanks to the relaxation of coronavirus restrictions, we were able to make better use of our capacity. It is encouraging to see the continuing trend for long-term service contracts, helping to strengthen and stabilize the business, and the requirement for complex engineering solutions for complete on-site overhauls (turnaround projects). The repair business in our Service Centers worldwide will also benefit from the recently completed standardization of repair processes across the Group.

Field Service

The release of corona-related measures allowed an increase of capacity utilization. In the US, Arkos Field Service is growing and has been profitable.

Monitoring and diagnostics

In addition to reciprocating compressors, PROGNOST diagnostic systems were also used in gearbox applications during the year under review. For example, after an intensive 18-month test phase in competition with other suppliers, the first PROGNOST predictor systems for monitoring and diagnosing gearboxes on hot roll mills were ordered from an American steel mill.

In general, our solutions are more needed to switch to remote monitoring and also to condition-based service.

SALES AND SERVICE ORGANIZATION

Demand in the market for complete solutions instead of individual services, as well as for on-site service capabilities, was strong in 2021. Burckhardt Compression is meeting this requirement with an ongoing expansion of its regional sales structures and continuous process improvements. The highly qualified local Field Service Representatives and Repair Centers are responsible both for customer care and for evaluating local market opportunities. The partnership model introduced two years ago has proven highly effective. It aims to offer service capabilities close to customers, particularly in small but fast-growing markets, while limiting the investment required. Regional and global Engineering Services offer substantial support for local service provision, allowing Burckhardt Compression to be a strong service partner in all geographies.



20

Burckhardt Compression acquired Mark van Schaick BV, based in Rotterdam, Netherlands. The company has more than 20 years of experience in machining and is a leader in servicing complex repairs such as crankshafts.

In the reporting period, the division conducted a customer satisfaction survey and received approximately 800 responses. Almost 90% of respondents stated that they are satisfied with our service, almost 80% see Burckhardt Compression as the leading service provider on the market, and slightly more than 60% associate us with services for all compressor brands.

INFRASTRUCTURE AND CAPACITY

The official opening of a new site in Indonesia had to be postponed once again due to the coronavirus. We added new service partners in Vietnam, Hungary and Brunei.

ACQUISITIONS

Burckhardt Compression's acquisition in December 2021 of Mark van Schaick BV, based in Rotterdam in the Netherlands, expands its repair and service capabilities in Europe. The company is a leading provider of maintenance and complex repair services – including crankshafts – for customers in various industries.

The integration of The Japan Steel Works – the acquired global compressor company – was concluded in the first half of the year. The integration of Arkos Field Services, including structural and organizational changes that will lead to greater profitability, is on track.

RESEARCH AND DEVELOPMENT

UP! Solutions, launched in the reporting period, offers customers additional online monitoring and support options. The service package includes remote digital support (UP! Remote Support), where a technician diagnoses

the problem, proposes solutions and offers technical support. We made our first Remote Support sales shortly after it was launched. An additional package uses machine learning and artificial intelligence to increase the productivity and uptime of the compressor through proactive maintenance and optimized service cycles. It is currently under test with pilot customers. The new online customer portal myFleet has also proven a success, enabling customers to order spare parts and book additional services online.

OUTLOOK

The underlying attractive growth prospects for the Service business remain unchanged:

- More and more customers are outsourcing their service operations. Suppliers are increasingly becoming service partners. Thus, long-term service agreements are becoming more important.
- The portfolio of installed compressor systems from Burckhardt Compression continues to grow.
- Customers are seeking efficiency gains to increase their competitiveness. This requires retrofitting and conversions, not least driven by the need to comply with environmental regulations (efficiency improvements and emissions reduction).
- Maintenance of equipment using the latest digital capabilities is becoming more important. This reveals a trend to move from preventive to condition-based maintenance.

Demand for comprehensive services from a single source will therefore grow more strongly than the direct spare parts business. Customers increasingly expect engineering solutions, competent advice on site and tailor-made maintenance strategies.

Our focus areas for organic growth are our consistently increasing portfolio of installed equipment and the service business for compressors from other manufacturers, primarily those that have left the market. To further support the growth regions, Burckhardt Compression will focus on expansion of local and regional service expertise and increasingly on digital solutions.

The numerous LNG ships commissioned in recent years will all require servicing and spare parts, resulting in additional business potential for Burckhardt Compression. The most interesting potential lies in the provision of long-term service agreements tailored to the whole compressor life cycle. Geographically, the best growth opportunities are in the Asia-Pacific region, but also in North America and Europe thanks to the large number of marine customers domiciled there. In North America, Burckhardt Compression will benefit from the expansion in service activities brought by the integration of Arkos.

Sustainability in practice



“Through our activities, we want to make a real and measurable contribution to the global energy transition and thus create long-term value – for the environment, for society and for our company.”

Fabrice Billard
CEO as of April 1, 2022



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



OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

Burckhardt Compression is an industrial technology company specializing in reciprocating compression solutions for all types of gases. With a company history stretching back over 178 years and products with a useful life to more than half a century, we base our business decisions on a long-term perspective. And we approach sustainability with the same mindset: pragmatic, focused on the long-term, creating value and impact driven.



Story #1

Creating impacts where they matter

In order to use limited resources in a targeted way, sustainability must be impact-driven and relevant. That is why we work closely with our customers and develop robust solutions to tackle their challenges.

Our compressors are used mostly in upscaled industrial and energy supply processes. Hence the main environmental impact is in the use phase for our customers. With our technology and engineering expertise, we help our customers reduce energy consumption, greenhouse gas emissions and resource use.

EXISTING COMPRESSOR ADAPTED TO NEW PROCESS

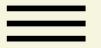
This past fiscal year we worked with a leading European oil and gas company to resize the capacity of a compressor to reflect new process requirements. The customer needed a solution that required a reduction in gas flow of more than 50%.

We started by conducting a detailed inspection along with a technical analysis. From this, we developed our solution to overhaul the existing compressor and adapt it to the new specifications. The right sizing of a compressor has a particularly significant effect on efficient energy use. This meant the customer did not have to purchase a new compressor or resort to the bypass system, enabling it to make optimal use of the existing resources.

The savings potential that we can unlock together with our customers exceeds our direct impact in operations many times over.



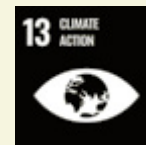
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creating-impacts](https://report.burckhardtcompression.com/creating-impacts)



EXAMPLE CONTRIBUTIONS TO THE SUSTAINABLE DEVELOPMENT GOALS SDGs



SDG 7
Enabling energy savings of 1'800 MWh per year through the resizing of an existing compressor system.



SDG 13
Reduction of CO₂ emissions resulting from energy savings.



SDG 12
Reuse and upgrade of a compressor system.

CONSIDERABLE ENERGY SAVINGS ACHIEVED

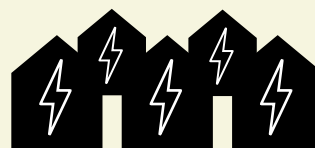
The fully revamped compressor is as good as new, thanks to our overhaul of all major components and upgrade to high-performance components. This has enabled us to successfully transition the compressor to the next lifetime.

Our customer will be able to save about 1'800 megawatt hours of electricity per year, thanks to the modified process.

Considerable energy savings enabled

1'800 MWh

per year is equivalent to:



or



Annual electricity consumption of >500 average Swiss households.

Approximately a third of the annual electricity consumption in 2021 of our Winterthur site, including head office.

Story #2

Innovating to tackle the energy transition

Compressors have been instrumental in important developmental advances in the industry. At Burckhardt Compression, we believe that technology and innovation are crucial to meet the sustainability challenge.

Since we were established more than 178 years ago, we have set new benchmarks and pushed boundaries to find solutions for both today and tomorrow. We are currently focusing our minds and developing new technologies for LNG transport as well as hydrogen mobility and energy.



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



Bridging technology paving the way to sustainable shipping

Burckhardt Compression's Laby®-GI fuel gas compressors play a crucial role in the current transition of the shipping industry. The compressors enable liquefied natural gas (LNG) to be used as a fuel instead of the more carbon-intensive and sulfur-rich heavy fuel oil. This provides a short and medium-term interim fuel to meet the more stringent international environmental requirements until zero-emission solutions are developed. Greenhouse gas emissions are reduced by up to 25% compared with heavy fuel oil, thanks to use of gas as a fuel and modern ship design.



Our Laby®-GI Compressor is the world's only completely oil-free and leakage-free high-pressure reciprocating compressor for the use of gas as a fuel in the shipping industry.

However, for LNG to serve as an interim form of fuel in shipping, efficient and in particular leakage-free use is crucial. All Laby®-GI compressors are gas-tight, thus preventing gas emissions into the atmosphere. We are also the only manufacturer capable of compressing gas to 300 bar by means of a large ring-seal compressor system without cylinder lubrication. Oil-free compression of the gas renders oil separation and filtration of the gas superfluous and saves up to 1'200 liters of lubricant per year.

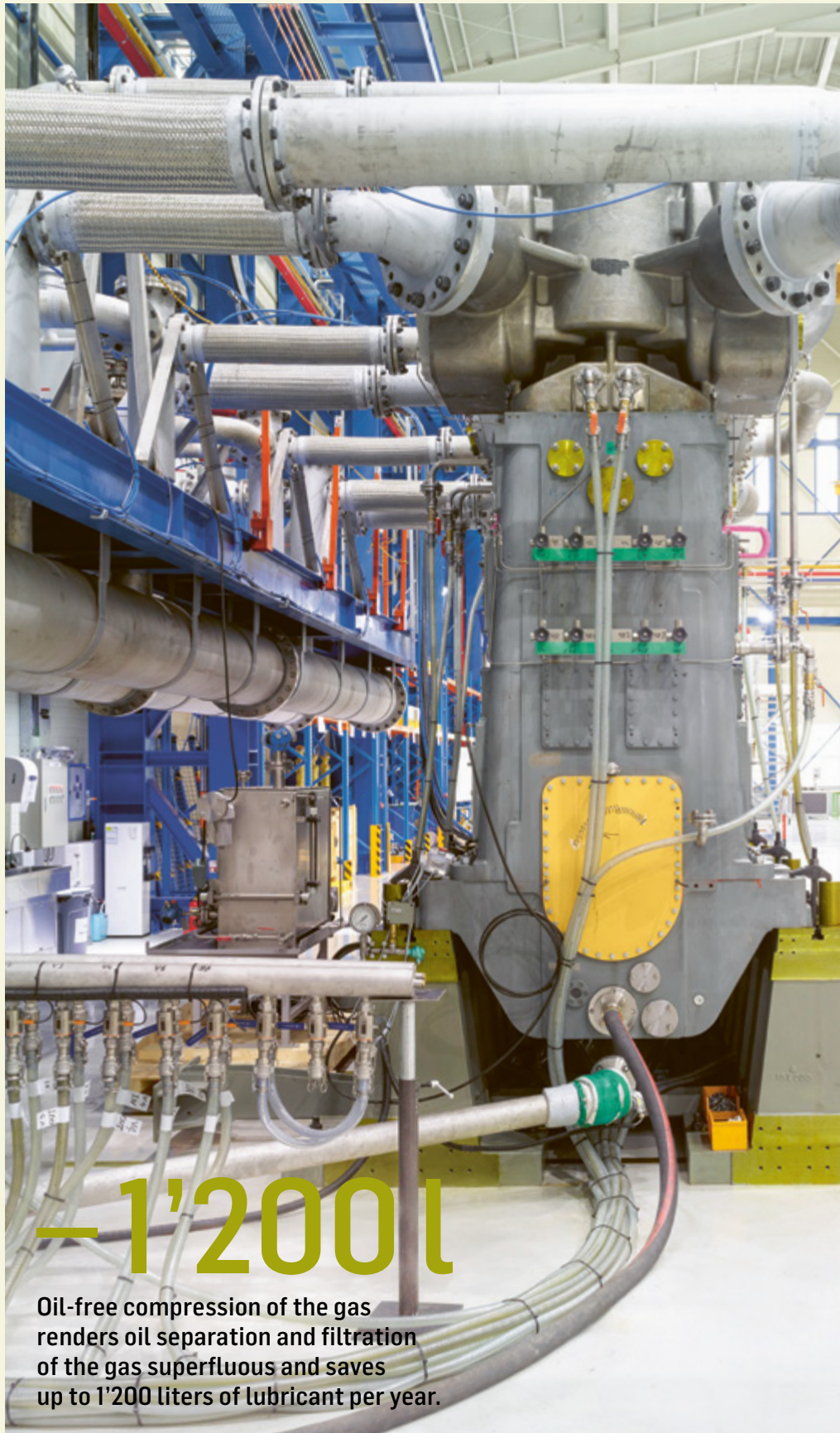
EXAMPLE CONTRIBUTIONS TO THE SUSTAINABLE DEVELOPMENT GOALS SDGs



SDG 13
Reduction of greenhouse gas emissions through the non-leaking use of LNG as a fuel in shipping instead of heavy fuel oil.

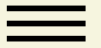


SDG 12
Responsible use of resources through operation without cylinder lubricants.



- 1'200 l

Oil-free compression of the gas renders oil separation and filtration of the gas superfluous and saves up to 1'200 liters of lubricant per year.



Another step toward efficient use of hydrogen in the energy transition

Successful energy transition depends on a wide range of technologies for the production and storage of renewable energy. Hydrogen has the potential in this context to be an essential stepping stone in the energy transition in specific fields of application, such as heavy-duty transport, and as a complement to existing technology, such as battery-powered electromobility. The use of hydrogen is not new to Burckhardt Compression; we have decades of experience in the compression of this gas. However, in order to be used on a broad and efficient scale as part of the energy transition, new requirements for the compression of this gas must be met.

We are working intensively on the further development of our compressor solutions and in this fiscal year we were able to launch an oil-free compressor with a discharge pressure of 550 bar and high capacity. The large high-pressure reciprocating compressors have been specifically developed for use in a variety of hydrogen applications and are particularly suitable for hydrogen trailer filling and hydrogen fuel stations with high capacity. These compressor solutions have been designed for mass flows in excess of 150 kg/h and help to reduce the number of compressors required.

With our new seals for oil-free high-pressure reciprocating compressors, we are able to support the forthcoming volume upscaling in the various hydrogen applications in a cost-efficient way.

550 bar

In this fiscal year we were able to launch an oil-free compressor with a discharge pressure of 550 bar and high mass flows.

EXAMPLE CONTRIBUTIONS TO THE SUSTAINABLE DEVELOPMENT GOALS SDGs

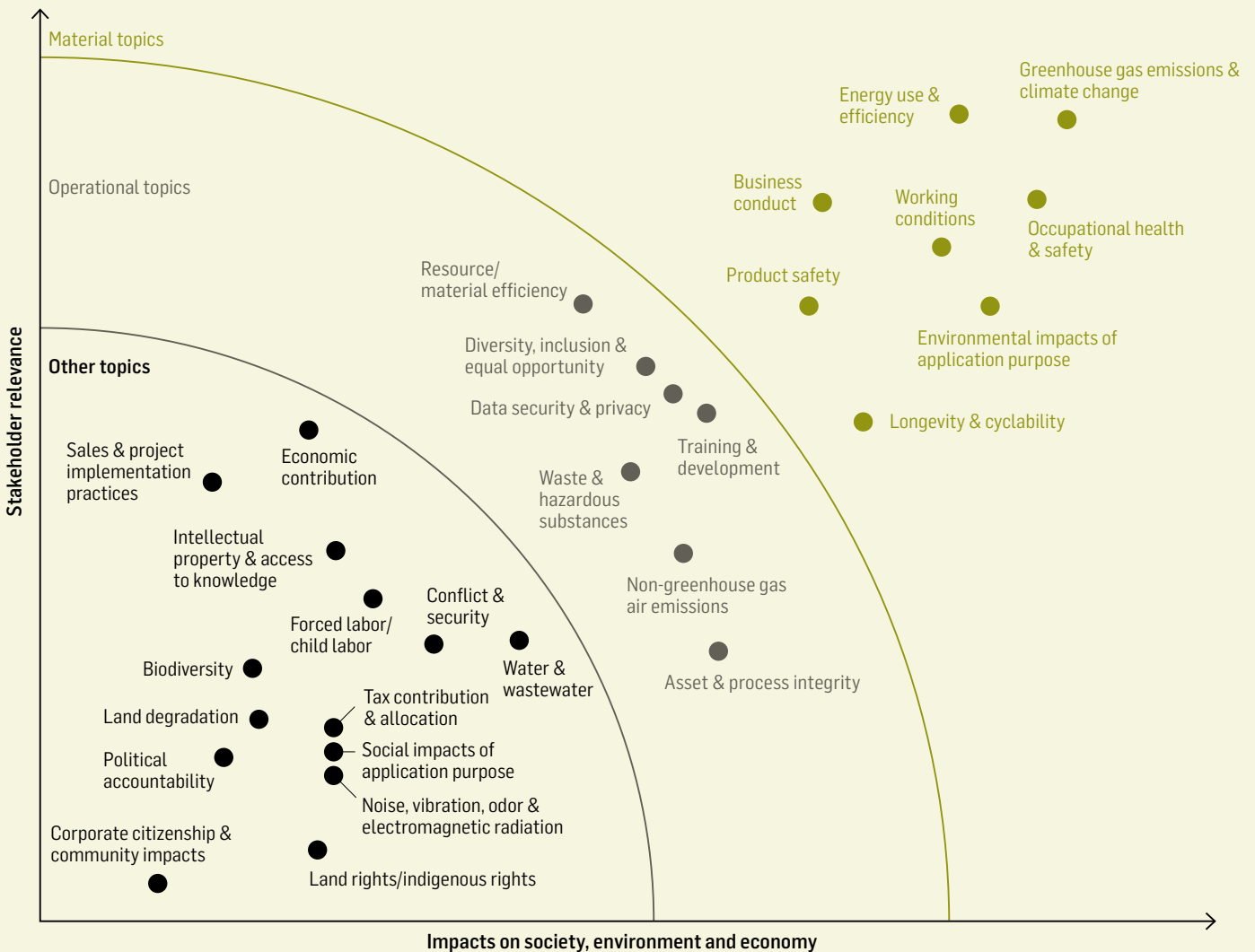


SDG 13/SDG 7
Development and promotion of technologies for the energy transition.

SUSTAINABILITY REPORT 2021

Our sustainability roadmap follows an impact driven approach, is focused on material topics and has a firmly anchored governance.

Burckhardt Compression materiality matrix





OUR IMPACT-DRIVEN APPROACH

We aspire to create sustainable values with our products and services by incorporating economic, environmental and social aspects in equal measure into our activities.

We have a long track record of implementing high standards in terms of working conditions, employment relations, environmental management, health and safety at work and our durable and repairable products. This is a comprehensive commitment that we continue to expand.

Focus on eight material topics

We used a materiality analysis to determine where our company's activities have the greatest impact on society, the environment and the economy, and which topics are relevant to our stakeholders. For this purpose,

we conducted an impact analysis, where we assessed actual and potential positive and negative impacts of our activities along the value chain. The aspects of scale, scope and likelihood of impacts were taken into account as assessment categories. In addition, we gathered the views and concerns of our key stakeholders – investors, customers, employees and suppliers – online and in person. This materiality matrix provides guidance and focus for the further integration of our sustainability efforts into business activities. It will be reviewed at regular intervals and adjusted if required.

The topics located in the top-right of the matrix were identified by us as material. For each of the eight material topics, we have appointed a topic leader, who together with subject matter experts will further develop our approach.

Material topics

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

We have also identified several "operational topics". These are important to us as well, but we will not pursue them with the same strategic approach as the material topics. They will be integrated into the operational business activities at the departmental level. The "other topics" may be of greater relevance for a specific subsidiary, but not across the whole Group. We address these topics on a situation-specific basis.

Strategic focus on the UN Sustainable Development Goals (SDGs)

Burckhardt Compression is committed to supporting the Sustainable Development Goals (SDGs) as defined by the United Nations. These SDGs address the world's most pressing sustainability challenges and are to be achieved as part of Agenda 2030 for Sustainable Development.

Our strategic approach to sustainability is based on our eight material topics and is aligned with the SDGs mentioned above. We have stated five sustainability ambitions, each linked to a strategic SDG and directly related to our material topics:

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

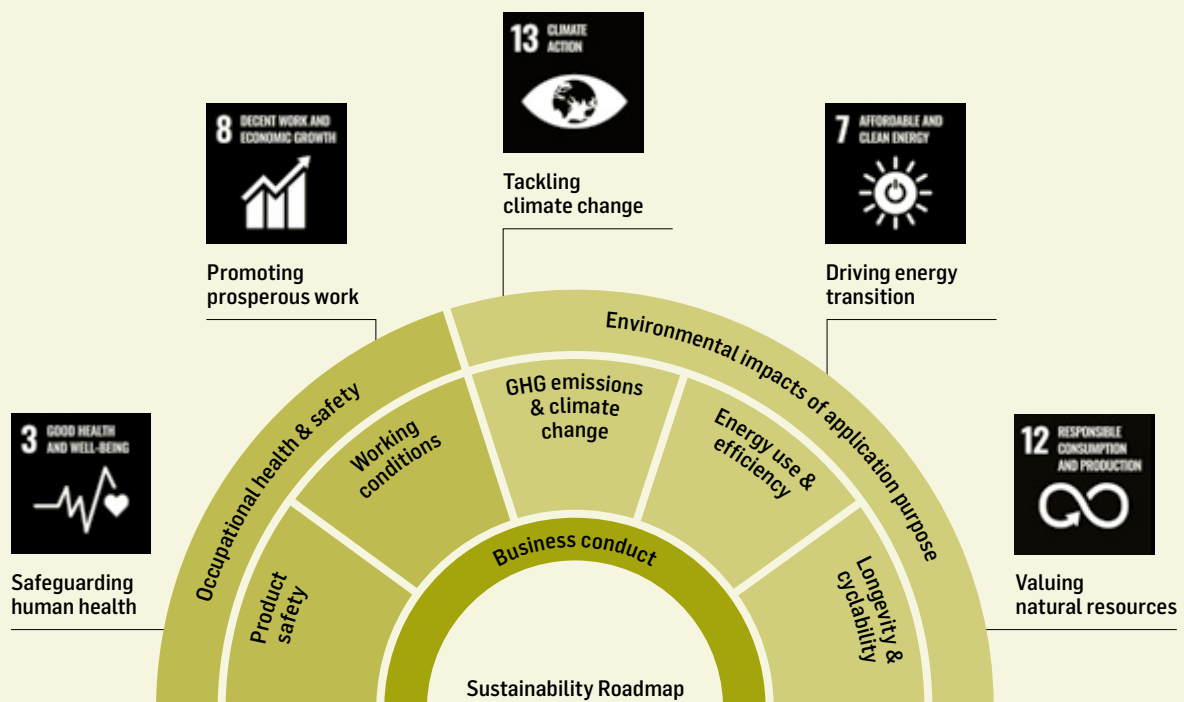
We have also identified six additional SDGs to which we can make a contribution.

Overarching due diligence on human rights and international environmental standards

The focus on our material topics and sustainability ambitions includes an overarching due diligence approach. We acknowledge the responsibility to respect internationally recognized human rights and international environmental standards. We incorporate the precautionary principle into our activities and decision making, such as the consideration of environmental requirements in product design, the consideration of human rights in our supply chain and the assurance of safe product operation at our customers' sites.

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

Strategic sustainability framework



Through our recently devised Code of Conduct for business partners, we set the same high standards for suppliers as we do within our company, and we also include them in our environmental and quality policy. We conduct checks on-site or when goods arrive to ensure observance of specifications and verify it by reviewing the required audit reports. In addition, we adopted a policy on conflict minerals in the reporting period. In the future, we will work even more closely with our suppliers on joint solutions for the energy transition and increase transparency relating to raw materials in our supply chain.

Ongoing development of our sustainability approach

Over the reporting period, we made significant progress in systematically integrating sustainability into our business. We have enhanced management approaches for our material topics in cross-functional teams and defined key performance indicators, which are presented for the first time in this Sustainability Report. This report has been prepared in accordance with the GRI Standards: Core option. It is the first comprehensive Sustainability Report by the Burckhardt Compression Group prepared in line with international standards.

Enhancement of our sustainability performance is a long-term commitment, and we intend to and will harness more potential. In the next fiscal year, we will build specifically on the successes and findings from this year. We will in particular optimize data collection and define targets for the material topics under the new mid-range plan 2023–2027. In doing this, we want to ensure that the sustainability strategy is an integral part of our business strategy.

OUR MATERIAL TOPICS

1. GREENHOUSE GAS EMISSIONS AND CLIMATE CHANGE



Topic lead: President Systems Division

Tackling climate change is one of the most pressing global challenges. The potential consequences of climate change are grave, in some cases irreversible, and affect individuals, organizations and countries alike. The Paris Agreement of 2015 is a legally binding international treaty between states on climate change. It recognizes the need to limit global warming to below 2°C above pre-industrial levels, preferably as low as 1.5°C. To achieve this global goal, immediate and decisive action is required at all levels to reduce greenhouse gas emissions worldwide.

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

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

Our approach

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

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

Our climate policy is the basis for all our activities related to climate change and part of our wider environmental policy. Our environmental management system, certified in accordance with ISO 14001, is the most important instrument in reduction of our environmental footprint. Each subsidiary takes responsibility for reducing its own greenhouse gas emissions and sets relevant targets. Our sites in India and Switzerland, for example, have set long-term reduction targets as part of industry initiatives or government agreements.

Reduction of greenhouse gas emissions during the use-phase of our compressor systems is an integral part of our product and innovation management and our service offer.

Progress in fiscal year 2021

For the first time, we consolidated environmental data at Group level to calculate direct (Scope 1) and energy-related indirect (Scope 2) greenhouse gas emissions.

To evaluate emissions in inbound and outbound logistics, we have prepared a data collection for the coming fiscal year. In addition, we calculated the product emissions of different compressors over their entire life cycle in order to put our emissions in an overall context.

On an operational level, we were able to continue with various projects to reduce our emissions. The measures implemented locally relate in particular to the reduction of electricity consumption and the increase in the proportion of renewable energies. For example, Burckhardt Compression's electricity consumption in Switzerland was converted to 100% renewable energies in the reporting period. Burckhardt Compression India was able to significantly reduce Scope 1 and Scope 2 emissions through a comprehensive energy audit. At our foundry in Shenyang, China, we successfully completed the conversion from coal-fired to electric furnaces.

Greenhouse gas emissions also play a vital role in our continued product development and collaboration with our customers. We see high potential for avoidance of gas leakage, particularly where greenhouse gases are compressed. With this in mind, we launched a research and development project in the reporting period to evaluate various approaches for comprehensive emissions management of existing compressors. In addition, we have invested heavily in digitalization and are one of the pioneers in our industry. Solutions such as UP! Solutions Remote Support contribute to a reduction of greenhouse gas emissions through decreased travel by service technicians.

Our performance

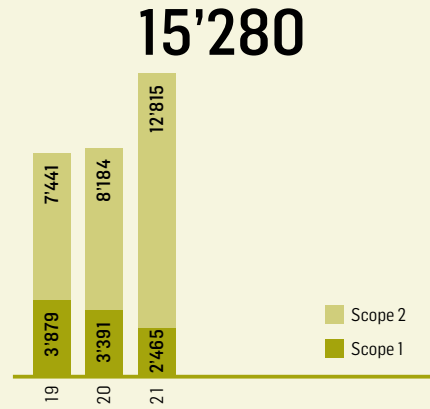
The absolute greenhouse gas emissions for Scope 1 and Scope 2 are 15'280 tonnes of CO₂ equivalents (CO₂e). Scope 1 emissions have decreased in recent years, while Scope 2 emissions have increased, mainly due to the switch from coal-fired to electric furnaces at the Shenyang Yuanda foundry, while casting production has increased significantly.

Chosen compressor supplier for renewable diesel production plant

Burckhardt Compression has been chosen as a partner for a clean, renewable diesel production plant in northern Europe. The project aims to upgrade an existing plant for the production of clean, renewable diesel based on different raw materials. The plant upgrade ensures co-processing of 40% renewable feedstock and is designed to be expanded to 100% renewable feedstock in the future.

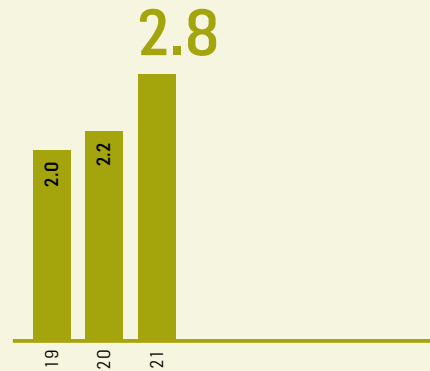
Greenhouse gas emissions

in tons of CO₂e



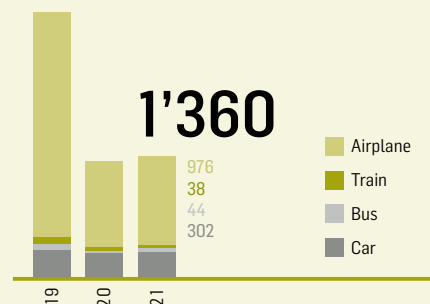
Greenhouse gas emissions intensity Scope 1 and 2

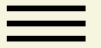
Tons of CO₂e/1'000 working hours



Greenhouse gas emissions business travel

Tons of CO₂





Business travel forms only a small part of Burckhardt Compression's other indirect greenhouse gas emissions (Scope 3), but can be directly influenced. Compared with the previous year, the number of business trips has increased again slightly, but is still significantly below the level of 2019. By strengthening our digital infrastructure, we will reduce travel frequency in the medium term.

H₂ diaphragm compressor for Hungarian project for green hydrogen

The Hungarian government has announced it will support various projects to convert surplus electricity into gas energy. One of the successful tenders is the "Aqua-marine" project, which includes a hydrogen plant in an underground gas storage facility operated by Hungarian Gas Storage Ltd. The produced hydrogen is mixed into natural gas and utilized in their own gas engines and furnaces, therefore reducing CO₂ emissions.

A top priority in our efforts to tackle climate change is to reduce carbon emissions generated from business operations. However, over the entire life cycle of a compressor, other potential arises where we can achieve a much higher impact. In fiscal year 2020, Burckhardt Compression India calculated the emissions of a compressor over its entire life cycle for the first time. In this fiscal year, we added three more compressors to the calculation to better understand our Scope 3 emissions. The results show very clearly that emissions during the use phase account for by far the greatest proportion. This is attributable to the high power range of our compressors, their long lifetime and their uninterrupted operation.

Outlook for fiscal year 2022

With the fundamental findings from this year, we will begin the next stage of developing a road map for the long-term reduction of greenhouse gas emissions in line with the Paris Agreement. We also plan to extend the greenhouse gas inventory to further Scope 3 categories.

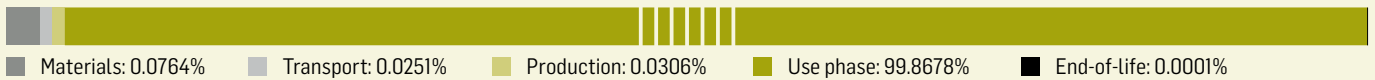
Another focus is on a joint reduction of greenhouse gas emissions with our customers.

Greenhouse gas emissions of various compressors over the entire life cycle

in %

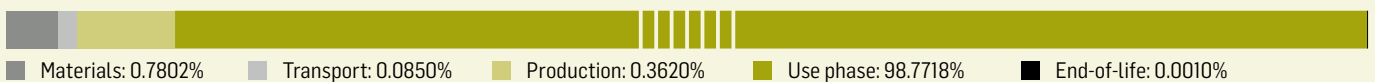
Process Gas Compressor 2B1Y

life cycle 20 years



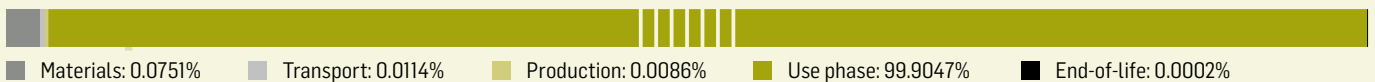
Diaphragm Compressor MD10

life cycle 20 years



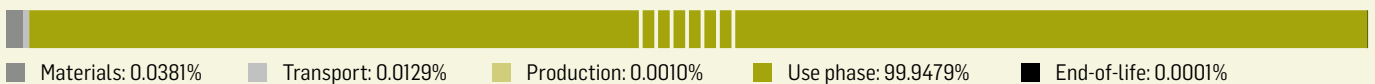
Laby®-GI Compressor 5LP250-V

life cycle 30 years



Hyper Compressor K8

life cycle 30 years



2. ENERGY USE AND EFFICIENCY



Topic lead: Vice President Compressor Engineering & Manufacturing

The development of society depends on the conversion, use, storage and transmission of power. Reliable and affordable access to power is a basic need. However, the extensive demand for energy is also tied to significant environmental impacts. The use, efficiency and type of energy therefore assume a special significance for sustainable development, combined with far-reaching social, economic and environmental implications.

As an industrial technology company specializing in the compression of all types of gases, Burckhardt Compression occupies a key position in the energy system. Our activities require a significant amount of energy in the manufacturing process and even more in the operation of our compressors. Our technology is also used to provide, transmit and store energy. This means Burckhardt Compression has significant potential to support the energy transition and thus support Sustainable Development Goal 7: Affordable and clean energy

The biggest impact of our activities is in the use phase of our products.

Our approach

Burckhardt Compression endeavors to reduce energy demand, promote renewable energies and contribute to the energy transition through its technology. The focus is on:

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

Our environmental policy and ISO 14001-certified environmental management system form the basis of all activities related to energy consumption in our value chain. Each subsidiary takes responsibility for reducing its greenhouse gas emissions and sets relevant targets.

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

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

Progress in fiscal year 2021

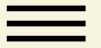
In the reporting period, Burckhardt Compression continued its measures to reduce energy consumption in different sites. In India, for example, we achieved energy savings of more than 95'000 kWh in 2021 for the local site by conducting an energy-saving audit and carrying out several specific projects. In addition, for the first time we have undertaken a global consolidation of the energy consumption of all subsidiaries, an important basis for the planned corporate target setting.

We are increasingly turning to renewable energy sources in our operations. In the reporting period, the subsidiary in Italy and the facility and headquarters in Switzerland managed to switch their electricity supply over entirely to renewable energy sources.

In terms of products, we have developed and approved for sale the next, more energy-efficient generation of Laby®-GI compressors. It features significantly improved energy efficiency compared with previous versions. In the service segment, we have stepped up our approach to energy saving through revamps and upgrades.

New-generation Laby®-GI compressors for LNG ships

The latest generation of Laby®-GI compressors, type 5LP250-V, marks another milestone in the further evolution of our products. This version features in particular a significantly improved energy efficiency compared with previous versions. We obtain a 5% higher quantity of compressed gas with an average of 5% (50 kW) lower power requirement. Assuming an annual operating time of 4'000 hours, this means recurring savings of 200 MWh per compressor.



Our performance

Compared with the previous year, our energy consumption has increased in absolute terms by 9.9% and our energy intensity by 8.0%. Most part of the increased energy demand is due to the switch from coal-fired to electric furnaces and the increased production at the Shenyang Yuanda foundry.

We increased the Group-wide proportion of renewable electricity compared with the previous year thanks to the conversions in Switzerland and Italy. Nevertheless, much scope for progress still remains.

With product improvements and services, we managed to reduce our customers' energy consumption in the reporting period. We currently evaluate a limited number of projects for energy savings and will present these transparently in the future.

Outlook for fiscal year 2022

In the current fiscal year 2022, we will set out a road map to increase the share of renewable electricity across the Group. In addition, we are planning short- and long-term targets at Group level to increase electricity efficiency in our operations. Local energy-saving measures at operational level will continue as planned. For example, our factory in Pune, India, is in the process of applying for "Platinum" status under the GreenCo initiative.

We will set targets based on newly defined key performance indicators and initial data collected on compressor energy consumption and put in place regular data collection. This will allow us to improve and report on our offering and the impact of energy consumption savings through our service activities in the future.

3. LONGEVITY AND CYCLABILITY



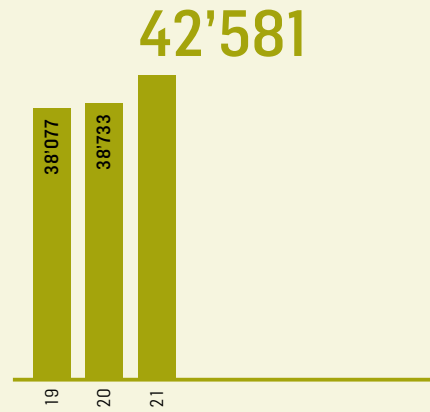
Topic lead: President Services Division

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

Our compressors are made mainly of iron and steel, materials that are easily recyclable. They are relatively material-intensive to manufacture due to the physical demands of the high pressures involved. However, with their lifetime life of 30-50 years, our compressors are also very durable. More than half of active compressors equipped with a Burckhardt Compression serial number have been in service for more than 20 years, the oldest for 92 years. We secure this long lifetime through the services we provide for our own compressors and those from other manufacturers.

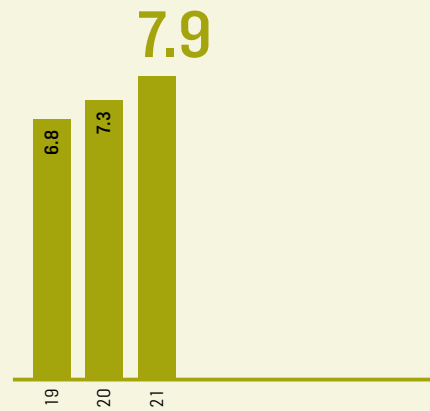
Energy consumption

in MWh



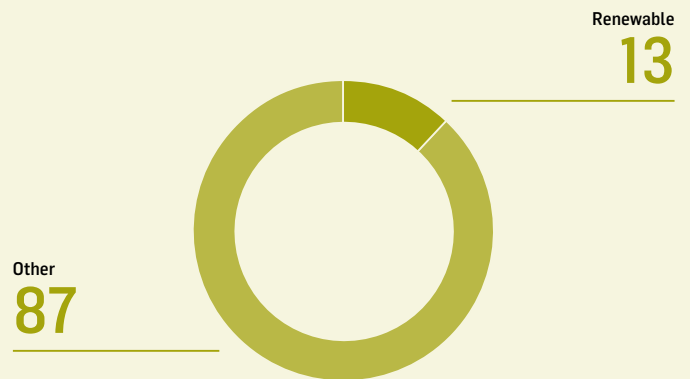
Energy intensity

MWh/1'000 working hours



Share of renewable electricity

in %



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

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

Our approach

Burckhardt Compression fosters long life cycles and the circularity of materials in its products and services. Our holistic approach centers on five aspects:

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

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

By reconditioning equipment, we support the short recycling loop with a comprehensive range of revamp and upgrade services, as well as our refurbish programs for entire compressor systems. We also repair and re-

Overhaul of a hyper crankcase in a polyethylene unit

After 180'000 operating hours, equal to more than 20 years of standard operation, a low-density polyethylene (LDPE) manufacturer discovered hard scuffing damage on the contact surfaces between the hyper compressor crankcase and the distance pieces. Working to an extremely tight deadline, Burckhardt Compression successfully overhauled the compressor and put it back into operation. The movement and vibration of the distance pieces and cylinders were significantly reduced, extending the lifetime of the plunger, packing and elastic rod. In addition, oil leakage between the crankcase and the distance pieces was minimized.

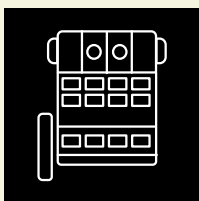
refurbish compressor components, such as valves, using our global network of service centers.

Progress in fiscal year 2021

One focus in the reporting period was the advancement of our long-term approach to condition-based maintenance of compressors. The long-term goal actually represents a paradigm shift in compressor maintenance: moving away from standardized replacement plans based on the operating cycle to predictive maintenance based on the actual condition of the compressor. In addition to improving quality and efficiency, our data-based approach extends the lifetime of the equipment and individual parts.

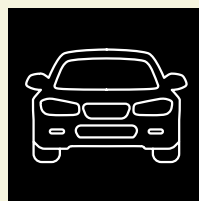
Operating hours in comparison

LABY® Compressor 3K160



Weight:
9t
Operating hours:
8'000 per year

Passenger car



Weight:
1.5t
Operating hours:
5'000 total*

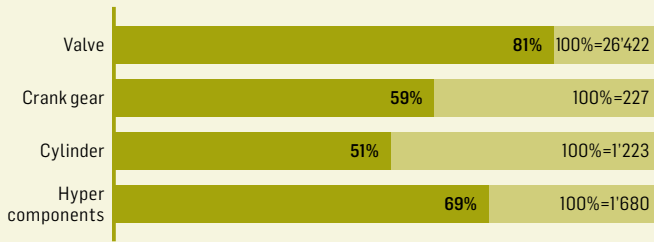
* Assumption: 300'000 km with Ø 60 km/h

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



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

in %



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

Through the acquisition of Rotterdam-based company Mark von Schaick BV in the reporting period, we significantly expanded our capability for complex repairs of main parts, such as crankshafts.

We also looked more closely at recyclability and analyzed the materials used throughout the product range. The predominant proportion by weight relates to ferrous materials, such as steel and cast iron. They account for an average share of more than 95% and are highly recyclable, with established markets available for this in most regions.

In addition, we carried out initial clarifications with our suppliers as to how much of the input materials used come from recycled sources. This revealed a mixed picture, depending on the recycling maturity of the respective regional markets. In Europe, our suppliers can rely on an established recycling market, which explains why the proportion of recycled materials tends to be higher than in Asian supply chains. Our plant in Switzerland profits from this in particular, with a predominantly regional supply chain.

Emergency repair of a 50-year-old nitrogen compressor

A leading stainless steel products manufacturer based in Italy contacted Burckhardt Compression after sudden and extreme vibration caused the 50-year-old dry compressor to come to an unexpected standstill. Our root cause analysis found that the compressor was still technically sound, but cracks in the foundation and damaged anchor bolts were causing the malfunction. Thanks to our prompt intervention, the base was repaired on site and the compressor was put back into operation within the client's tight schedule, ready for the coming years of operation.

Our performance

Repair instead of replacement is a key component in the circular economy. We thus recorded the portion of reused or refurbished components in service activities for selected key parts for the first time in fiscal year 2021. The data demonstrates our contribution to the circular economy through our services; for example, for valves the share of refurbished components is 81% in all service interventions.

Outlook for fiscal year 2022

We will continue our condition-based maintenance initiative in the current fiscal year 2022. This undertaking will continue until 2025 and, along with our digital offering, will be one of the main themes in the Services division.

Another focus will be to enhance our extensive service activities with an emphasis on revamping, upgrading and reprocessing manufacturing compressor systems in order to extend their operational life. In doing so, we want to be able to better measure and manage the impact of our service performance on lifetime and the circular economy in particular.

4. ENVIRONMENTAL IMPACTS OF APPLICATION PURPOSE



Topic lead: Vice President Sales Systems Division

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

Through innovative solutions in the development of new compressor systems and components as well as customized services, we can support our customers to drive the transformation to a sustainable economy. We have the potential to contribute to three of our strategic Sustainable Development Goals (7, 12 and 13). The main impacts of this topic are related to the use-phase of our products and services.

Compressor for a new green hydrogen production plant in Switzerland

Burckhardt Compression received an order for a Diaphragm Compressor for a green hydrogen production plant in Switzerland. The compressor system is designed for hydrogen mobility applications and capable of discharging hydrogen at a high pressure and high purity, suitable for fuel cells.

Our Approach

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

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

We are expanding the areas of application for our customers and supporting the transition to a sustainable economy through our continuous innovation in compressor systems, materials, components, and services.

Marine applications: Liquefied natural gas represent a short and medium-term bridge fuel for marine applications to comply with tightening international regulations on greenhouse gas emissions until zero-emissions solutions are developed. Modern ship designs are introducing gas as fuel instead of carbon-intensive and high-sulfur content heavy fuel oil helping to reduce greenhouse gas emissions by up to 25%. Burckhardt Compression Laby® and Laby®-GI fuel gas compressors play an essential role in the current transition of the shipping industry. The large portfolio available and the flexible compressor concepts can provide fuel gas to all types of modern dual-fuel engines. All applied compressor types are of gastight design, allowing fuel gas compression up to 300 bar with zero emissions to the environment.

Hydrogen distribution and fueling applications: We are supporting the development of hydrogen mobility by developing a range of compressors, including diaphragm and reciprocating compressors that meet the specific technical challenges of these new applications. Examples are the innovative materials and ring geometries which enable process gas compressors to be operated without oil lubricants for hydrogen trailer filling and in fueling applications for hydrogen-powered trains, trucks, or buses, with pressures of up to 550 bar. The technological advantages of reciprocating compressors for this application are unrivaled efficiency and long service lives.

Hydrodesulfurization: Process gas compressors per API 618 are used specifically in industrial processes for the desulfurization of fuels.

Progress in fiscal year 2021

During the reporting period, we developed a sustainability screening approach to better structure our business activities from an environmental impact perspective. This classification system makes use of international standards such as the EU taxonomy for sustainable activities or South Korea's K-Taxonomy, without claiming to fulfil these sometimes complex, technical implementation requirements. The main purpose of this screening system is to serve as a high-level compass for the targeted further development of our business activities towards a sustainable economy. As we are in the market for capital goods, this transformation towards a sustainable economy is taking place over the long-term.

At the business level, we have continued to expand our activities that contribute to a sustainable economy. We were able to achieve a strong growth in H₂ Mobility & Energy and to help the industry solve specific compressor related technical challenges. This is not least due to our increased R&D and the strengthening of our business development resources for these markets. Examples for the success are:

- We entered a partnership with Shell Renewables and Energy Solutions for the development of heavy-duty hydrogen refueling station compressor systems. Burckhardt Compression is building a new test facility in Winterthur, Switzerland, dedicated to the advancement of sealing technologies and solutions for hydrogen refueling stations serving heavy-duty vehicles.
- Burckhardt Compression has signed a contract with Jiangsu Hongjing New Material Company Ltd. to equip three production lines for EVA (ethylene-vinyl acetate copolymers) and LDPE (low-density polyethylene) with three Booster-Primary and three Hyper Compressors. Specifically, the three 200 kilotons per year photovoltaic class ethylene-vinyl acetate copolymers plants will help to satisfy the worldwide demand for EVA polymer, which, shaped as a film, is used in solar panels as an insulating and sealing agent around the solar cells.

Our Performance

We have applied our sustainability screening approach on new projects in part of the Systems Division as a pilot, representing 52% of the total order intake:

- We classified around 9% of the total order intake as new energy applications. Examples are green hydrogen projects in H₂ Mobility & Energy or projects for the solar panel industry.
- Around 10% of the total order intake is classified as being transitional with environmental advantages but not yet fully sustainable. Examples are Industrial Gas applications, biogas applications in Refinery, dual fuel LNG applications in Gas Transport & Storage and grey hydrogen projects in H₂ Mobility & Energy.
- Around 33% of total order intake is classified as conventional applications. Examples are conventional petrochemical application without a clear link to a sustainability use-case or the traditional refinery business.
- 48% of the total order intake has not yet been classified.

Outlook for fiscal year 2022

In the coming fiscal year, we will continue our development of innovative non-lube, high-pressure and high-flow hydrogen compressor systems to meet the specific technical challenges along the hydrogen value chain and enable the conversion of heavy-duty transport towards clean energy solutions. Equally, we will continue to strengthen our compressor solutions for LNG carriers and LNG fueled ships to support the short-term replacement of marine heavy fuel by natural gas as a propulsion fuel.

We will make use of our evaluation system for business activities as a compass for allocating our resources towards a sustainable economy in a mid- to long-term. A roll-out is planned to also include key business activities from the Services Division and the remaining business activities from the Systems Division. In doing so, we will further align our approach with the external developments such as the EU taxonomy.

Compressor supplier for a hydrogen liquefaction plant in South Korea.

The order includes three Process Gas Compressor API 618 systems for the compression of hydrogen within the liquefaction process. The new installation in South Korea is the largest hydrogen liquefier plant worldwide. It is part of the country's strategy to remain a global leader in the development of hydrogen as clean energy. It will be able to produce up to 90 tons of liquefied hydrogen per day. The liquefaction plant is planned to start production in 2023.

5. WORKING CONDITIONS



Topic lead: Chief Human Resources Officer

Jobs with decent working conditions are a basic premise for the development of individuals and society. They drive prosperity and provide a livelihood for people. Our employees are central to our success, and we are proud of our global and diverse workforce. As an industrial technology company with production sites and service centers worldwide, we employ a broad range of skilled personnel.

With our engagement in providing good working conditions, we contribute to the targets of the Sustainable Development Goal 8: Decent work and economic growth. We believe our most direct impact concerns the working conditions of our more than 2'700 employees around the world. In addition, we recognize our responsibility to exercise due diligence in the review of working conditions in our supply chain.

Our approach

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

- Dialog and relations
- Terms and compensation
- Organizational culture

The impacts on employees from suppliers, contractors and outsourced activities are managed mainly through our responsible procurement approach.

Dialog and relations:

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

Terms and compensation:

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

Organizational culture:

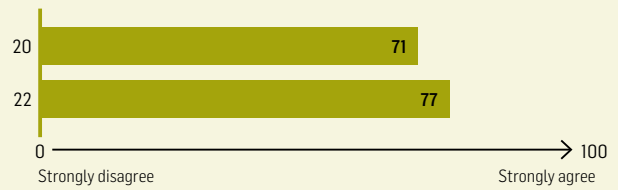
We are convinced that our well-established corporate culture forms the foundation of our competitiveness. The reputation that Burckhardt Compression enjoys and the mutual trust that exists within the Group depend mainly on the integrity and conduct of each and every employee. A comprehensive values program called "Values and Behaviors" ensures that employees in all Group locations and companies share and actively uphold the same corporate values and principles. The internal Code of Conduct is designed to set fundamental standards and principles for how employees should interact and behave toward partners, stakeholders and the environment. A global Speak Up channel operated by a third party is available to report violations of our standards, values and behavioral guidelines.

Rating from employee survey

January 2020 and January 2022

Average points scored for the statement:

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



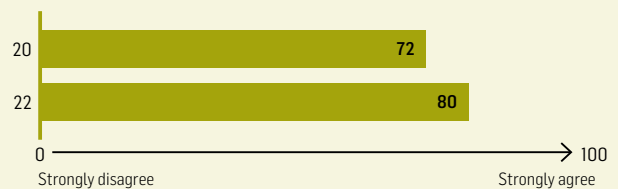
Average points scored for the statement:

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



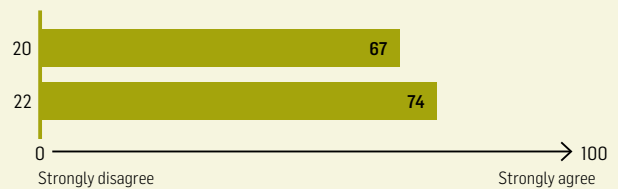
Average points scored for the statement:

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



Average points scored for the statement:

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



Average points scored for the statement:

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





Progress in fiscal year 2021

Burckhardt Compression continuously adapts its working conditions to current requirements; for instance, in response to the pandemic in the reporting period. We have further expanded our remote working concept in line with the needs and wishes of our employees. The cooperation between employees and line managers working from home has functioned impeccably. We are convinced that flexible working arrangements bring many advantages, reinforce mutual trust and satisfy the wish of many employees for more personal responsibility and self-organization. This is why, during the reporting period, Burckhardt Compression Switzerland added extra options to its policy on remote working. At Group level, a related recommendation for further flexibility with regard to remote working options was passed on to all subsidiaries, which implement this recommendation tailored to the local conditions

During the reporting period, we conducted our biennial worldwide employee survey. As in past years, the high participation rate of 90% was very pleasing and reflects the high level of engagement of our staff. On a positive note, overall employee satisfaction and engagement increased compared with the last survey. Both ratings rank above the industry average, which marks Burckhardt Compression out as an attractive employer. The results from this survey are systematically evaluated as a basis for continuous improvement.

Our performance

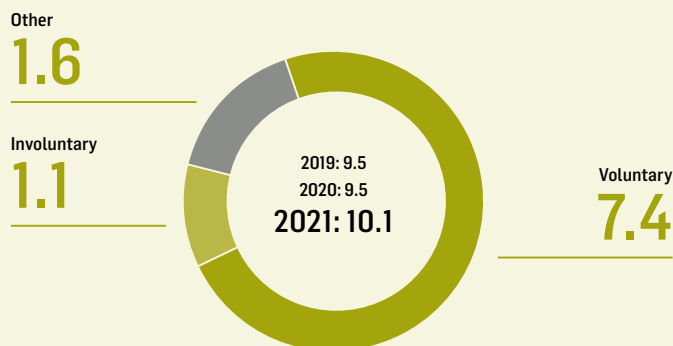
The average score for the statement “All in all, I am satisfied with my current work situation” rose to 77 out of a possible 100 points, an increase by 6 points compared with the last survey. This confirms our efforts to create and continuously improve attractive working conditions. For the statement “I would recommend Burckhardt Compression as a good place to work”, we improved our rating by several points to 84. High levels of employee loyalty and identification with the company are also confirmed by the fact that the typical employee has been with the company for 8.4 years.

Among the most attractive employers in Switzerland

Burckhardt Compression ranks as one of the most attractive Swiss employers in 2022. This ranking is based on an independent survey of employees. This survey of employees was carried out by data analyst Statista via an online access panel, combined with input from the readers of Handelszeitung and Le Temps. More than 1'500 employers with 200 or more employees in Switzerland were identified for the survey. Burckhardt Compression was placed an excellent 30th in the overall rankings, up there with last year's good result. Within its own sector of mechanical and plant engineering, Burckhardt Compression ranked fifth.

Employee turnover ratio

in % of yearly average of full time equivalent



The employee turnover rate increased to 10.1% in the reporting period. This figure includes all departures, including fixed-term employment contracts that came to an end. Of this, 7.4 percentage points are accounted for by voluntary departures, which is above the target figure of 5%.

Outlook for fiscal year 2022

In the coming fiscal year, we will continue to use the findings from the employee survey to identify the most important areas in order to improve employee satisfaction. Based on the findings, we will derive the specific measures to be adopted locally in order to address the specific needs of our employees in the different regions. We are also working on introducing a global award program for exceptional team performance. This will reward teams that have particularly excelled and contributed to the success of the company through their performance.

6. OCCUPATIONAL HEALTH AND SAFETY



Topic lead: Vice President Quality & Infrastructure

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

Our approach

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

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

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

Our occupational safety policy and management system certified in line with ISO 45001 form the basis that governs all activities relating to health and safety in the workplace. All Burckhardt Compression sites are certified in accordance with ISO 45001, apart from the subsidiaries SAMR Métal Rouge, Prognost and Arkos Field Service, all of which have their own health and safety systems. Numerous measures ranging from detailed risk assessments, safety inspections accompanied by management to workplace safety training and mandatory wearing of protective footwear, protective eyewear and other work-relevant protective equipment demonstrate their effectiveness in a steadily reducing risk exposure. Creation of a culture of prevention through raising awareness and involving employee representatives in the safety committee at each site is an important part of to our approach.

To promote physical and mental health, the Dr. BeWell program was launched in 2019. Implemented locally, this includes a varied range of physical exercises as well as preventative measures and special topics. The program is just one of the ways in which Burckhardt is improving employee satisfaction, health, and motivation is improved and reducing absences.

Progress in fiscal year 2021

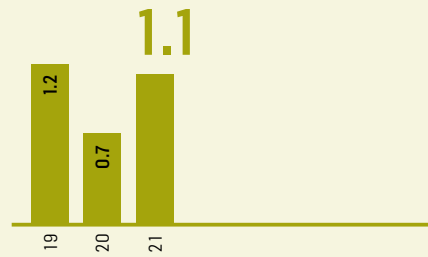
We were able to successfully recertify our management system at Group level in accordance with the new ISO 45001 standard during the reporting period. We systematically incorporated the findings and advice of the local certification bodies. These represent the basis for the ongoing improvement of our management system in the years ahead.

This year, we successfully integrated our new subsidiary in Sweden into the Group health and safety management system.

In January 2022, we carried out a global employee engagement survey, which included the topic of health and safety in the workplace. The feedback is particularly valuable for further development of our management system.

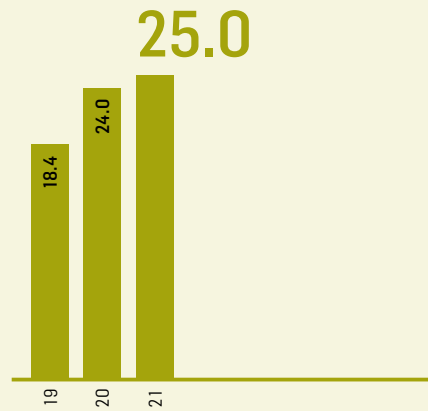
Lost Time Injury Rate (LTIR)

Per 200'000 hours worked



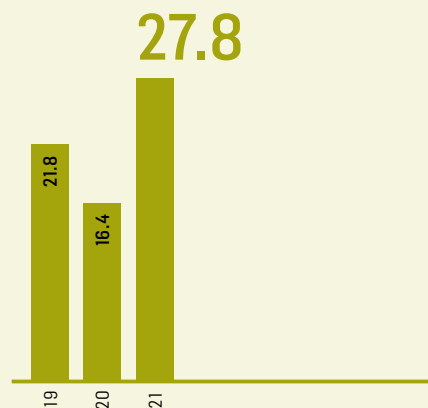
Severity Rate (SR)

Lost days/recordable incidents



Lost Time Workday Rate (LTWR)

Per 200'000 hours worked



We rigorously pursued our management approach to mitigate the effects of the pandemic in the reporting period. We oriented the measures and implementations to the local number of cases and hazard assessments. We effectively countered the effects of the pandemic by implementing comprehensive protective measures at our sites, allowing working from home as a precautionary measure and communicating effectively. Its highest priority at all times has been to safeguard the health of its employees and their families, as well as that of its customers and business partners.

Our performance

The Lost Time Workday Rate (LWTR) has increased from 16.4 to 27.8, due to the highly increased workload in the factories and related new hires and use of temporary personnel. We thoroughly analyze the cause of every accident, both those with and those without loss of work days, and implement corrective measures. We are engaging in appropriate efforts at every level; on the part of management, executives and the workforce. In the reporting period, we recorded no fatal accidents, mirroring the situation in previous years.

In the employee survey, we were able to improve on the topic of health and safety by 8 points compared to the last survey.

An important indicator for us concerning mental health and well-being is work-life balance, which is regularly surveyed as well. Compared with the results of the past survey, we improved our score from 67 to 74 points.

Outlook for fiscal year 2022

One focus will be to continue to bolster our safety culture, which we will achieve by continuing the campaign to raise awareness and provide information at local level that was launched in fiscal year 2021.

A second focus will be on internal coordination and integration within the Group. In fiscal year 2022, we will focus on the two locations Shenyang and Shanghai in China and on our companies Arkos and BCUS in the US. The aim is to align local approaches and achieve continuous improvement through shared learning experiences.

Program to raise health and safety awareness

In fiscal year 2021, we launched a broad awareness-raising program on the topic of occupational safety. Using various media, including leaflets, videos and on-site installations, we highlighted the most important sources of danger. As a result, we were able to sharpen awareness and in the long-term strengthen our safety culture at our operating sites.

7. PRODUCT SAFETY



Topic lead: Vice President Contracting Systems Division

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

Our approach

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

– International norms and standards

Where available, we use and follow international standards for the development, production, commissioning and maintenance of compressor systems. This includes the evaluation of safety risks and certification in accordance with mandatory laws and standards.

– Simulation, calculation and testing

Our comprehensive knowledge of calculation and simulation allows us to optimize the dimensioning of compressor systems. We also use specific testing and inspection procedures to ensure safety and functionality.

– Outstanding processes

Defined working principles, processes and our ISO 9001-certified quality management system ensure our processes meet the strict requirements.

– Control systems and maintenance

Our compressor systems are fitted with a minimum protection system that shuts down the system in the event of a critical disruption. Our PROGNOST®-SILver system for monitoring and diagnosing the condition of reciprocating compressors and our UP! solutions for long uptime and maximum reliability are key tools in increasing operational reliability, extending service intervals and preventing breakdowns.

– Documentation and training

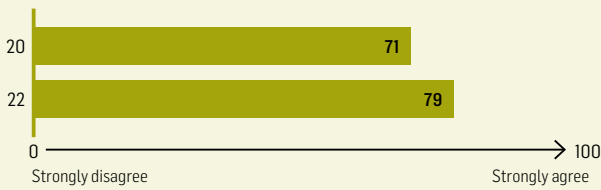
To ensure the smooth operation of compressor systems, we produce a specific set of operating documents for each system and also offer a wide range of training modules available either online or at our training centers.

Rating from employee survey

January 2020 and January 2022

Points scored for the statement:

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



Progress in fiscal year 2021

During the reporting period, we began to establish new skill centers to maintain and continually improve the high quality of our design standards for new product lines across all our plants. In addition, we carried out a comprehensive review of our internal product approval process. This defined approval process is particularly important to both our global quality commitment and product safety. It ensures that we meet the required international standards and norms.

Our 8D report provides us with an industry-wide practical method of checking problems with compressor systems. It uses an eight-stage approach to evaluate a problem and determine lasting solutions. During this reporting period, we revised and strengthened the collection and processing of these reports. With this, we aim to strengthen the findings from the cross-case analysis, which also concern quality and product improvements, in addition to product safety.

We successfully completed an extensive test of our high-pressure compressors for marine applications. The construction of the new test facility in Winterthur for the further development of sealing technologies and solutions for hydrogen filling stations at pressures up to 900 bar is also forging ahead. In addition to technical feasibility, strict compliance with extremely high safety standards and procedures plays a decisive role in the successful operation of this new generation of compressors.

Our performance

As part of the approval process, 100% of the new product configurations have been through a risk and design assessment that includes product safety.

No incidents related to the product safety of our compressors were registered over the reporting period. Similarly, no violations of regulations or voluntary codes took place in relation to product safety.

The number of compressors fitted with a Burckhardt Compression control system is currently running at 29%. We are firmly convinced that our solutions offer significant added value in terms of reliability and safety, which is why we want to increase this percentage.

Successful expansion of customer training in online and hybrid formats

We offer a comprehensive training program to support safe and appropriate operation of compressors. The change to online and hybrid formats allowed us to compensate for the cancellation of on-site training courses caused by the pandemic and we are almost back to the pre-pandemic level, with 35 customer training sessions. The recently developed online training course for the particularly safety-related use of oxygen gases enabled us to double the training capacity for this module.

Outlook for fiscal year 2022

Our focus for the coming period will be on the further implementation and reinforcement of the process improvements started in 2021, in addition to the continuous implementation of our approaches to risk minimization. In the field of control systems, we have developed a strategy for a wider and more proactive distribution of Burckhardt Compression compressor control systems, which we will put into practice. As part of our digitalization initiatives, we will also initiate new approaches to taking our engineering base, operational data evaluations for product improvements and customer training to the next level.

8. BUSINESS CONDUCT



Topic lead: General Counsel

Unethical business practices have the potential to damage the economy and society. They cause economic losses, promote social inequality and undermine democratic processes. As a global business with a far-reaching network of business partners, we are obliged to conduct our business ethically, legally and in an environmentally and socially responsible manner. Ensuring our business conduct is in accordance with legal and international standards is a fundamental precondition, as it is for other material sustainability topics.

Our approach

Burckhardt Compression undertakes to carry out its business activities in an ethical, legal and environmentally and socially responsible manner. We expect every business partner with which we have a business relationship



to conduct itself in a similar manner. We assess every aspect of our business relationship and focus particularly on:

- No corruption
- Free competition
- Export compliance

Our Code of Conduct defines the fundamental standards and principles for employee interaction and with partners, stakeholders and the environment. With the Code of Conduct for business partners, our suppliers, local agents and partners commit to conduct their business in an ethical, legal and environmentally and socially responsible manner. We train our employees in the fields of anti-corruption, compliance with free competition and adherence to export controls. We have introduced audits of control procedures to prevent corruption and anti-competitive practice.

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

Progress in fiscal year 2021

We revised our Code of Conduct during the reporting period. It was forwarded to every employee in the Group and is available on the website in 11 languages.

We also produced a new Code of Conduct for our business partners, which includes instructions and explanations. This Code of Conduct has been signed by suppliers and business partners representing more than 80% of our purchasing volume.

To further raise awareness of compliance with the law in the areas of anti-corruption and free competition among the employees concerned, a new training module was produced for these subject areas during the reporting period. In total, 385 employees who deal with these areas in their work have successfully completed this module.

Speak Up was launched in the reporting period, and all employees and business partners were informed that it had gone live. The system had a successful launch, and this is reflected in the levels of activity in its first year.

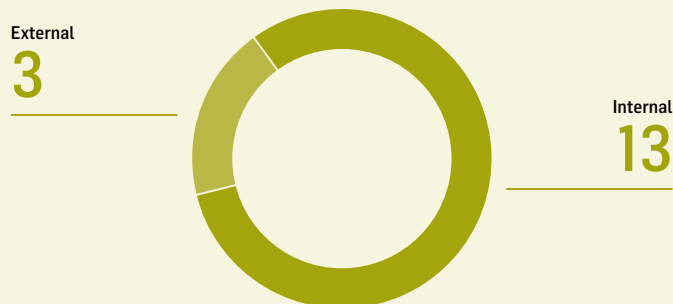
Our performance

A total of 16 suspected cases were recorded on the Speak Up reporting system: 13 by employees and three by external business partners. All the cases were processed and closed within the reporting period. One serious violation of our Code of Conduct was identified and in 11 further cases, measures were put in place. The average processing time to the conclusion of the investigation was 71 days.

No violations of competition law or instances of corruption connected to our business activities were identified during the reporting period.

Our existing processes and preliminary clarifications of export controls have proven their worth. Twelve requests for clarification of export regulations were forwarded to the appropriate authorities during the reporting period. Of these, eleven cases were approved, and one was rejected

16 Speak Up notifications



by the authorities. Six approved requests concerning Russia were subsequently cancelled due to changing legislation on March 4, 2022. No violations of export controls were identified.

Due to Russia's war with Ukraine, the Board of Directors and the Executive Management have decided not to accept any new contracts from or with Russia since mid March 2022. This applies to both the Systems and Services Divisions. We do not have any subsidiaries in either Russia or Ukraine. We will comply with the export control provisions and legal sanctions applicable.

Outlook for fiscal year 2022

We are planning to further strengthen our review activities in order to comply with export controls. A first step in this direction is the increased inclusion of this topic in our internal audits. We are increasing awareness of the need to observe our Code of Conduct through a range of measures, such as training sessions and internal communication

OUR COMMITMENT

Firmly anchored sustainability governance

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

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

Every material topic is led by a member of senior management. These managers form the sustainability steering group, which is responsible for implementing the sustainability road map and defining the topic-specific management approach.

Sustainability governance at Burckhardt Compression



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

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

Our employees are the key to our success

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

We appreciate our employees' expertise and promote knowledge sharing. Personal training and development is part of the annual appraisal and performance review process and is financially supported by the company. To ensure the ongoing development of technological expertise and personal and managerial skills within the company, employees around the world participate in internal technical, product and leadership training modules, which are conducted across the Group several times a year through a range of programs. To provide even more support for the professional development of our employees, we are also planning to introduce a new development process in 2022 to determine individual training priorities.

We promote and support new talent at all levels and are committed to the Swiss system of apprentice training. The company currently has 46 apprentices in Switzerland and 18 in India in eight occupations. Burckhardt Compression is a founding member of the initiative launched under the

Recognition of good investor relations

Leading Swiss business newspaper Finanz und Wirtschaft gives investor relations and transparency an A- rating (A is the highest rating) and growth a B- rating. In the ranking of annual reports conducted by HarbourClub and business magazine Bilanz, Burckhardt Compression's Annual Report 2020 came in at a good 47th (from a total of 238 companies) in the "Value Reporting Print" category and 19th in the "Value Reporting Online" category.

auspices of the Swiss Federal Office for Professional Education and Technology and the Swiss-Indian Chamber of Commerce to establish an apprenticeship system in India based on the Swiss model; the company is also a corporate sponsor of the AZW Training Center in Winterthur for vocational career pathways.

Burckhardt Compression has a fundamental belief that mixed teams perform better. In the reporting period, women made up 20% of the Board of Directors and 20% of Executive Management. Of the global workforce, 15.2% is female.

Dialog with our stakeholders

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

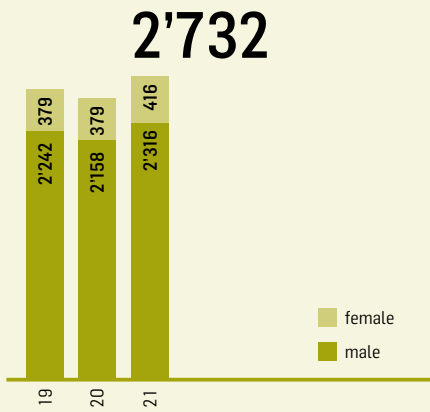
Customers

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



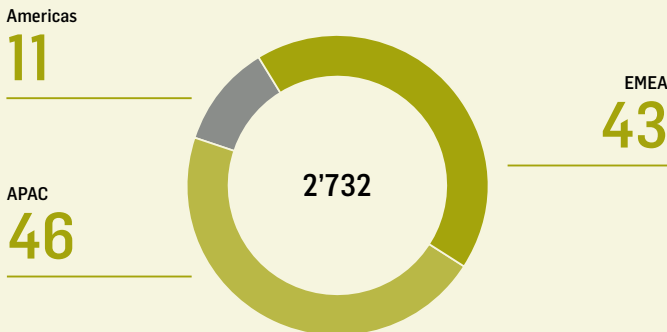
Global workforce by gender

Employees (full-time equivalents)



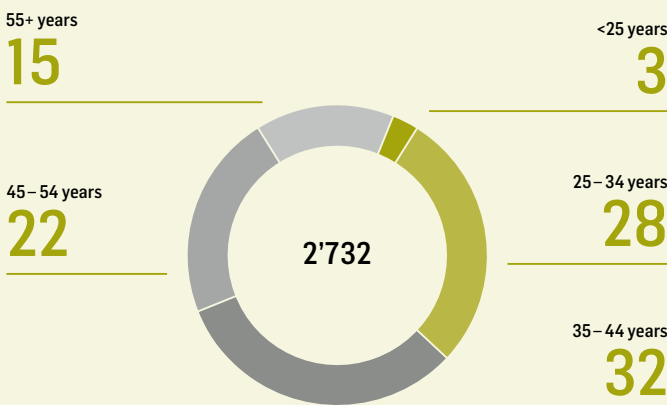
Global workforce by region, 2021

in %



Global workforce by age, 2021

in %



Investors

Burckhardt Compression maintains open and transparent dialog with its investors and other interested parties. The aim of investor relations is to accurately portray the company and its markets to enable a fair valuation of Burckhardt Compression stock.

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

Employees

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

Suppliers

We work closely with suppliers in the development phase, with the aim of long-term partnerships. Suppliers are qualified using a set process and evaluated through the measurement of key performance indicators. Exchanges and performance review take place on a regular basis via on-site visits, virtual meetings, audits or virtual inspections. Strategic procurement is an integral part of Burckhardt Compression's strategic management cycle. We aim to provide further incentives for our suppliers with a global award system in the categories of performance and sustainability in the coming fiscal year. The central sustainability priorities for suppliers are occupational health and safety, energy consumption, and business conduct. All three topics are key elements of our approach to sustainability.

EcoVadis silver medal award

Burckhardt Compression was awarded the EcoVadis silver medal for sustainability management with its place in the top 25% in the sector. EcoVadis is one of the largest platforms for assessment of supplier sustainability and is used by many Burckhardt Compression customers.

Extended key figures

		2021	2020	2019
Environmental metrics ¹				
Energy use	MWh	42'581	38'733	38'077
Electricity		27'180	18'917	18'137
Fuels and combustibles ²		9'861	11'681	13'114
District heating		5'541	8'135	6'827
Energy intensity (energy use/working hours)	MWh/1'000 working hours	7.9	7.3	6.8
Greenhouse gas emissions Scope 1 ³	tCO ₂ e	2'465	3'391	3'879
Combustibles		1'243	2'373	2'578
Fuels		994	793	1'133
Others		228	225	168
Greenhouse gas emissions Scope 2 ^{4,5}	tCO ₂ e	12'815	8'184	7'441
Electricity		11'869	6'796	6'276
District heating		946	1'389	1'166
Greenhouse gas emission intensity (Scope 1 and 2/working hours)	tCO ₂ e / 1'000 working hours	2.8	2.2	2.0
Greenhouse gas emission business travel (Scope 3)	tCO ₂ e	1'361	1'211	3'429
Water ⁶	m ³	83'810	91'218	121'803
Waste ⁶	t	2'805	2'606	2'408

¹ With the exception of the key figures for water consumption and waste, the data relate to all sites of the Burckhardt Compression Group. The data collection for environmental data is performed by calendar year. The greenhouse gas inventory was calculated according to the WRI/WBCSD Greenhouse Gas Protocol Standard. 'Operational control' was selected as the consolidation approach.

² From fossil sources.

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

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

⁵ Reported according to the market-based approach under the Greenhouse Gas Protocol Scope 2 standard. The location-based approach results in emissions of 13'278 tCO₂e in 2021 (2020: 8'575 tCO₂e, 2019: 7'801 tCO₂e)

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

		2021	2020
Employees			
Number of employees	FTE	2'732	2'538
Permanent		2'508	2'339
Male/Female		2'145/363	2'000/339
EMEA		1'152	1'037
APAC		1'066	1'014
Americas		290	288
Temporary		224	199
Male/Female		171/53	158/40
EMEA		16	13
APAC		207	185
Americas		1	1
Full-time		2'628	2'445
Male/Female		2'256/372	2'103/342
Part-time		104	93
Male/Female		60/44	55/37



	2021		2020	
	FTE	% yearly average	FTE	% yearly average
New employee hires (% of yearly average)	451	17.1%	149	5.8%
New employee hires (% of end of year)	451	16.5%	149	5.9%
Male	382	16.5%	119	5.5%
Female	69	16.6%	30	7.8%
<25 years	45	50.2%	16	20.3%
25–34 years	171	22.2%	54	6.9%
35–44 years	121	13.7%	35	4.5%
45–54 years	69	11.6%	27	4.9%
54+ years	45	11.4%	17	4.8%
EMEA	208	17.8%	76	7.3%
APAC	172	13.5%	54	4.5%
Americas	71	24.4%	19	6.6%
Employee turnover (% of yearly average)	266	10.1%	249	9.5%
Employee turnover (% of end of year)	266	9.7%	249	9.6%
Male	230	9.9%	214	9.8%
Female	36	8.7%	35	8.8%
<25 years	17	19.1%	19	23.5%
25–34 years	82	10.6%	77	9.8%
35–44 years	87	9.9%	53	6.7%
45–54 years	36	6.0%	39	6.9%
54+ years	44	11.1%	61	16.7%
EMEA	95	8.1%	101	9.2%
APAC	106	8.3%	82	6.8%
Americas	65	22.2%	66	22.8%

¹Turnover data for 2020 is based on headcount.

	2021	2020	2019
Occupational health and safety¹			
Lost Time Injury Rate (LTIR) ²	1.1	0.7	1.2
Severity Rate (IR) ³	25.0	24.0	18.4
Lost Time Workday Rate (LTWR) ⁴	27.8	16.4	21.8

¹The data collection for occupational health and safety data is performed by calendar year.

²Rate per 200'000 working hours for number of recordable incidents with lost time > 1 working day.

³Number of lost days/incidents subject to registration with loss > 1 working day.

⁴Rate per 200'000 working hours for total of lost workdays.

GRI content index

GRI standard	Disclosure	Page(s)	Further information and omissions
GRI 101: Foundation 2016			
GRI 102: General disclosures 2016			
Organizational profile			
GRI 102: General disclosures 2016	102-1 Name of the organization	94	Burckhardt Compression Holding AG
	102-2 Activities, brands, products and services	94	
	102-3 Location of headquarters	94	
	102-4 Location of operations	116–117	
	102-5 Ownership and legal form	94	
	102-6 Markets served	7	
	102-7 Scale of the organization	6, 11, 15–17	
	102-8 Information on employees and other workers	58	
	102-9 Supply chain	40–41	
	102-10 Significant changes to the organization and its supply chain	100–101	
	102-11 Precautionary approach or principle	40–41	
	102-12 External initiatives	–	– GreenCo by CII Confederation of Indian Industry
	102-13 Membership of associations and interest groups	–	– AZW Winterthur, Board – CII Confederation of Indian Industry – EFRC - European Forum for Reciprocating Compressors – ICAAMC - Compressor Applications and Machinery Committee – Joint Chamber of Commerce Switzerland – CIS/Georgia – SWISSMEM - Schweizer Maschinen-, Elektro- und Metall-Industrie – Swiss Mechatronics – Swiss-American Chamber of Commerce – Swiss-Chinese Chamber of Commerce – Swiss-Indian Chamber of Commerce – Switzerland Global Enterprise
Strategy			
GRI 102: General disclosures 2016	102-14 Statement from senior decision-maker	8–10	
Ethics and integrity			
GRI 102: General disclosures 2016	102-16 Values, principles, standards and norms of behavior	50	
Governance			
GRI 102: General disclosures 2016	102-18 Governance structure	55–56, 66–79	
Stakeholder engagement			
GRI 102: General disclosures 2016	102-40 List of stakeholder groups	56–57	
	102-41 Collective bargaining agreements	50	
	102-42 Identification and selection of stakeholders	56	
	102-43 Approach to stakeholder engagement	39, 56–57	
	102-44 Key topics and concerns raised	56–57	



GRI standard	Disclosure	Page(s)	Further information and omissions
Reporting practice			
GRI 102: General disclosures 2016	102-45 Entities included in the consolidated financial statements	116–117	
	102-46 Defining report content and topic boundaries	38–40	
	102-47 List of material topics	39	
	102-48 Restatements of information	–	–
	102-49 Changes in reporting	–	–
	102-50 Reporting period	–	01.04.2021 – 31.03.2022
	102-51 Date of most recent report	–	01.06.2021
	102-52 Reporting cycle	–	Yearly
	102-53 Contact point for questions regarding the report	–	sustainability@burckhardtcompression.com
	102-54 Claims of reporting in accordance with the GRI Standards	41	
	102-55 GRI content index	60–64	
102-56 External assurance	–	This report has not been externally verified.	

GRI standard	Disclosure	Page(s)	Further information and omissions
Material topics			
Greenhouse gas emissions and climate change			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	41	
	103-2 Management approach and its components	41–42	
	103-3 Evaluation of the management approach	42–43	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	42, 58	
	305-2 Energy indirect (Scope 2) GHG emissions	42, 58	
	305-4 GHG emissions intensity	42, 58	
Energy use and efficiency			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	44	
	103-2 Management approach and its components	44–45	
	103-3 Evaluation of the management approach	45	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	45, 58	
	302-3 Energy intensity	45, 58	
Longevity and recyclability			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	45–46	
	103-2 Management approach and its components	45–46	
	103-3 Evaluation of the management approach	46–47	
Own indicators	Reused or refurbished components	47	
Environmental impacts of application purpose			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	47	
	103-2 Management approach and its components	47–48	
	103-3 Evaluation of the management approach	49	
Own indicators	Sustainability evaluation of business activities	49	
Working conditions			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	49	
	103-2 Management approach and its components	49–51	
	103-3 Evaluation of the management approach	50–51	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	51, 59	
Own indicators	Score satisfaction work situation	50	
	Score workplace recommendation	50	
Occupational health and safety			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	51	
	103-2 Management approach and its components	51–52	
	103-3 Evaluation of the management approach	52–53, 59	



GRI standard	Disclosure	Page(s)	Further information and omissions
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	52	b. All employees who are under the care and control of Burckhardt Compression (including external employees on our premises) are covered.
	403-2 Hazard identification, risk assessment, and incident investigation	–	a. The EOHS team (Environment, Occupational Health and Safety team), under the direction of the Quality Team and Safety Officer, is responsible for conducting risk assessments using risk graphs. The risk assessment will be used for training and awareness activities in the respective work area. Safety inspections are used for risk mitigation. b. Notifications will be made using a dedicated EOHS notification form. c. A work stoppage procedure is in place to stop work in the event of an unsafe situation. d. There is a procedural policy for reporting near misses, incidents, investigations, nonconformities, and corrective and preventive actions.
	403-3 Occupational health services	–	There is a company ambulance service at the site in Winterthur, which is operated in conjunction with surrounding companies.
	403-4 Worker participation, consultation, and communication on occupational health and safety	–	A specific procedure for Consultation & Participation, Communication regulates the involvement of employees. Involvement takes place at all levels (steering committee, core team, execution teams).
	403-5 Worker training on occupational health and safety	52	In addition to mandatory training during induction, regular specific training is provided on work-related hazards, first aid, and emergency and evacuation.
	403-6 Promotion of worker health	52	Non-occupational services and offerings depend on country-specific implementation and may include the following: – regular health check-ups – access to medical facilities – other preventive measures, for example as part of our Dr. BeWell program
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	40–41	This aspect is covered in our approach to due diligence.
	403-8 Workers covered by an occupational health and safety management system	52	i. 100% are covered by an occupational health and safety management system. ii. 100% of employees are covered by an internally audited system. iii. 89.8% are covered by an externally certified system.

GRI standard	Disclosure	Page(s)	Further information and omissions
Product safety			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	53	
	103-2 Management approach and its components	53–54	
	103-3 Evaluation of the management approach	54	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	54	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	54	
Business conduct			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	54	
	103-2 Management approach and its components	54–55	
	103-3 Evaluation of the management approach	55	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	55	
GRI 206: Anti-competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	55	



SASB Mapping

SASB SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Topic	SASB Accounting Metric	Code	Reference	Further Information and omissions
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	RT-IG-130a.1	GRI 302-1 GRI 302-3 Page 58	Percentage grid electricity is not evaluated separately until now. We are working on making this breakdown available in the future.
Employee Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	RT-IG-320a.1	GRI 403-1 to 8 Pages 53, 58	We do not yet track near miss frequency rate (NMFR). We are evaluating the possibility of providing such information in the future.
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	RT-IG-410a.1	n/a	Not applicable to our products. The vast majority of Burckhardt Compression's compressors are powered by electricity.
	Sales-weighted fuel efficiency for non-road equipment	RT-IG-410a.2	n/a	
	Sales-weighted fuel efficiency for stationary generators	RT-IG-410a.3	n/a	
	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	RT-IG-410a.4	n/a	
Materials Sourcing	Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	Pages 41, 74	
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	RT-IG-440b.1		We do not yet track revenue along this breakdown. We are evaluating the possibility of providing such information in the future.

SASB ACTIVITY METRICS

Activity Metric	Code	Reference	Further Information and omissions
Number of units produced by product category	RT-IG-000.A	n/a	This information is not communicated publicly for business reasons.
Number of employees	RT-IG-000.B	GRI 102-8 Page 58	

Corporate Governance

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



This report is structured in accordance with the DCG's outline and numbering. Unless otherwise noted, the information presented reflects the latest DCG's version as of March 31, 2022.

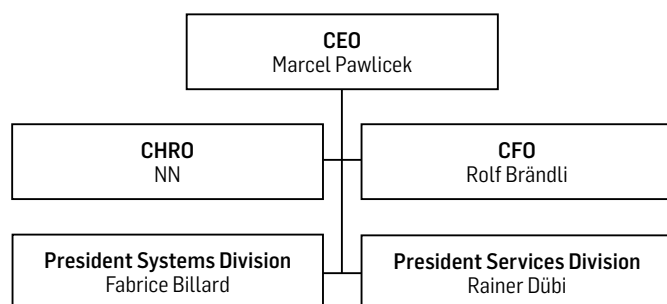
1. GROUP STRUCTURE AND SHAREHOLDERS

1.1. Group structure

1.1.1. Management structure

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

Organigram (per March 31, 2022)



1.1.2. Listed Group companies

Burckhardt Compression Holding AG, a corporation organized under the laws of Switzerland with legal domicile in Winterthur, is the only listed Group company. Burckhardt Compression registered shares (BCHN) are listed on the SIX Swiss Exchange in Zurich (ISIN: CH0025536027; security number 002553602). Its market capitalization as per March 31, 2022 amounted to CHF 1'662'600'000.

1.1.3. Unlisted Group companies

Information on the unlisted companies included in the scope of consolidation of Burckhardt Compression Holding AG is given in the financial report on page 124, Note 102, "Subsidiaries".

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

1.2. Significant shareholders

According to information available to the company from the disclosure notifications of the SIX Swiss Exchange AG, the shareholders listed in the following table reported shareholdings of at least 3% of the voting rights as per March 31, 2022. In accordance with the company's Bylaws, the voting rights of NN Group N.V. are limited to 5.0% of the total number of BCHN registered shares recorded in the share register:

Name	Country	of shares in %
MBO Aktionärsgruppe (Valentin Vogt, Daniela Vogt, Harry Otz, Leonhard Keller, Martin Heller, Ursula Heller, Marcel Pawlicek)	CH	12.4
NN Group N.V.	NL	9.86
UBS Fund Management (Switzerland) AG	CH	5.02
BlackRock, Inc.	US	3.07

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

1.3. Cross-shareholdings

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

2. CAPITAL STRUCTURE

2.1. Capital

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

2.2. Details on authorized and conditional capital

The company does not have any authorized or conditional capital.

2.3. Changes in capital

There has been no movement in share capital since the IPO in June 2006.

2.4. Shares and participation certificates

Voting rights may only be exercised after the shareholder has been registered in the Share Register. All shares are entitled to full dividend rights. Voting rights per shareholder are restricted to 5% of the total number of the registered shares recorded in the commercial register. This does not apply to shareholders who were in possession of more than 5% of the shares of Burckhardt Compression Holding AG before the Initial Public Offering (IPO). The voting rights of treasury shares – held by Burckhardt Compression Holding AG – will be suspended. The company has not issued any participation certificates.

2.5. Dividend-right certificates

The company has not issued any dividend-right certificates.

2.6. Limitations on transferability and nominee registrations

No person or entity will be registered as a shareholder in the Share Register for more than 5% of the issued share capital. This entry restriction is also applicable to persons whose shares are held, in whole or in part, by nominees. This restriction is also valid if shares are acquired through the exercise of subscription, option, or conversion rights, with the exception of shares acquired through inheritance, division of an estate or marital property law.

Legal entities and partnerships associated with each other by uniformly managed capital or votes or in any other way, as well as private and legal entities or partnerships which form an association to evade registration restrictions, are regarded as one person.

Individual persons who have not expressly declared in their registration application that they hold the shares for their own account (nominees) will be entered in the Share Register with voting rights if the nominee concerned provides proof that he is subject to supervision by an accredited bank and financial market regulator and if he has concluded an agreement with the Board of Directors concerning his status. Nominees holding up to 2% of the issued shares will be entered in the Share Register with voting rights without having to sign an agreement with the Board of Directors. Nominees holding more than 2% of the issued shares will be entered in the Share Register with 2% voting rights and, for the remaining shares, without voting rights. Above this 2% cap, the Board of Directors may have nominees entered in the Share Register with voting rights if they disclose the names, the addresses, the nationalities, and the shareholdings of the persons for whom they hold more than 2% of the issued share capital.

2.7. Convertible bonds and options

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



3. BOARD OF DIRECTORS

3.1. Members and

3.2. Other activities and interests

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

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

AC = Audit Committee

NCC = Nomination and Compensation Committee

SSC = Strategy and Sustainability Committee

No Board member has served as a member of the Executive Management of a Burckhardt Compression Group company. None of the directors have material business relationships with a Burckhardt Compression Group company.

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

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

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

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



TON BÜCHNER (1965)

Independent Board Member since 2020

Education

Master of Business Administration, IMD Business School, Switzerland
 Master of Science in civil engineering, Delft University of Technology, Netherlands

Professional background

2012–2017 Chairman of the Executive Management and CEO, AkzoNobel NV, Netherlands
2007–2011 CEO, Sulzer AG, Switzerland
2000–2002 President, Sulzer Turbomachinery Services, Switzerland
1994–2000 various management positions, Sulzer AG, Switzerland

Duties and responsibilities as a director of Burckhardt Compression Holding AG

– Chairman of the Board of Directors
 – Chairman of the Strategy and Sustainability Committee

Other activities and commitments

– Member of the Board of Directors, Novartis, Switzerland
 – Chairman of the Board of Directors, Swiss Prime Site AG, Switzerland
 – Advisor, Ammega, Switzerland



URS LEINHÄUSER (1959)

Independent Board Member since 2007

Education

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

Professional background

Since 2016 Managing Partner ADULCO GmbH, Switzerland
2014–2016 Self-employed, Switzerland
2011–2014 CFO and Deputy CEO, Member of Executive Management, Autoneum Holding AG, Switzerland
2003–2011 CFO and Head Corporate Center, Member of Group Executive Committee, Rieter Holding AG, Switzerland
1999–2003 CFO, Member of Group Executive Committee, Mövenpick Holding, Switzerland
1997–1999 CFO, Piping Systems Division, Georg Fischer AG, Switzerland
1995–1997 Head of Corporate Controlling, Georg Fischer AG, Switzerland
1992 Managing Director, Cerberus, Denmark
1988–1994 Group Controller, Cerberus AG, Switzerland
1986–1988 Deputy Head, Tax Consultancy Department, Refidar Moore Stephens, Switzerland
1983–1986 Tax Inspector, Cantonal Tax Department SH, Switzerland

Duties and responsibilities as a director of Burckhardt Compression Holding AG

– Member of the Board of Directors
 – Member of the Audit Committee

Other activities and commitments

– Chairman of the Board of Directors, Avesco AG, Switzerland
 – Board member, Ammann Group Holding AG, Switzerland
 – Board member, Liechtensteinische Landesbank AG, Liechtenstein
 – Board member, VAT Group AG, Switzerland
 – Board member, PENSADOR Partner AG, Switzerland



DR. MONIKA KRÜSI (1962)

Independent Board Member since 2012

Education

PhD. in Business Informatics, MBA University of Zurich, Switzerland

Professional background

Since 2003 Partner, MKP Consulting AG, Switzerland
2001–2003 Partner, Venture Incubator Partners AG, Switzerland
1991–2001 Associated Partner, McKinsey & Co., Inc., Switzerland
1986–1990 Credit Suisse, Switzerland

Duties and responsibilities as a director of Burckhardt Compression Holding AG

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

Other activities and commitments

– Chair of the Board of Directors, Repower AG, Switzerland
 – Chair of the Board of Directors of Oskar Ruegg AG, Schweiz
 – Board member, 360°, Switzerland
 – Board member, Otto Suhner AG, Switzerland
 – Board member, BGRB Holding AG, Switzerland



DR. STEPHAN BROSS (1962)

Independent Board Member since 2014

Education

Engineering degree,
University of Braunschweig, Germany

Professional background

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

2017 Executive Management member, Technology, KSB AG, Germany

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

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

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

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

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

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

Duties and responsibilities as a director of Burckhardt Compression Holding AG

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



DAVID DEAN (1959)

Independent Board Member since 2019

Education

Swiss certified expert for accounting and controlling Swiss certified accountant Completed executive education programs at Harvard Business School, Boston, USA, and at the IMD, Lausanne, Switzerland

Professional background

Since 2019 Self-employed, Switzerland

2004–2019 CEO, Bossard Group, Switzerland

1998–2004 CFO, Bossard Group, Switzerland

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

Duties and responsibilities as a director of Burckhardt Compression Holding AG

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

Other activities and commitments

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

Independence of the Board of Directors

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

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

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

3.4. Election and term of office

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

3.5. Internal organization and structure

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

to the CEO of Burckhardt Compression Group. The Board of Directors appoints a secretary for the Board and for the company. The Secretary does not need to be a member of the Board. This role is currently assigned to the company's General Counsel.

The Board of Directors meets as often as business requires, but at least four times per year. In fiscal year 2021, the Board of Directors and Board committees convened the following meetings (see table below).

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

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

The Board of Directors has set up the following committees:

Audit Committee

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

Meeting	Governing body	Duration	Ton Büchner	Urs Leinhäuser	Monika Krüsi	Stephan Bross	David Dean
04/19/2021, meeting of	SCC	9.5 hours	•	•	•	•	•
05/26/2021, meeting of	NCC	3.5 hours			•	•	
05/26/2021, meeting of	AC	4 hours		•			•
05/27/2021, meeting of	BOD	7 hours	•	•	•	•	•
08/03/2021, meeting of	BOD	6 hours	•	•	•	•	•
08/09/2021, meeting of	AC	1.5 hours		•			•
08/26/2021, meeting of	AC	2 hours		•			•
08/30/2021, meeting of	SCC	7 hours	•	•	•	•	•
08/31/2021, meeting of	BOD	5.5 hours	•	•	•	•	•
09/17/2021, meeting of	NCC	6 hours			•	•	
10/26/2021, meeting of	NCC	3 hours			•	•	
10/26/2021, meeting of	AC	3 hours		•			•
10/27/2021, meeting of	BOD	6.5 hours	•	•	•	•	•
12/10/2021, meeting of	BOD	6.5 hours	•	•	•	•	•
01/20/2022, meeting of	NCC	4.5 hours			•	•	
02/22/2022, meeting of	NCC	6 hours			•	•	
03/09/2022, meeting of	BOD	5 hours	•	•	•	•	•

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



Nomination and Compensation Committee

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

Strategy and Sustainability Committee

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

3.6. Definition of areas of responsibility

The Board of Directors has delegated the executive management of the company and the Group to the CEO of Burckhardt Compression Group, with the exception of the following matters:

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

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

3.7. Information and control instruments vis-a-vis the executive committee

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

Internal Group Audit and internal control system (ICS)

The internal audit reports to the Chairman of the Audit Committee of the Board of Directors. Management responsibility for the unit has been delegated to the Head of Group Controlling, who is also responsible for planning and conducting the audits. The CFO is responsible for coordination between the Audit Committee and the head of the Internal Group Audit. The Internal Group Audit team consists of qualified staff from the Finance and Controlling departments of Burckhardt Compression AG and several selected financial specialists from the Group's subsidiaries. Qualified subject matter experts from other fields (e.g. IT, Legal or Human Resources) may be consulted, depending on the auditing assignment. These employees perform the internal audit duties assigned to them in addition to their regular duties and in this additional capacity they report directly to the Head of Internal Group Audit, who in turn reports in this function directly to Chairman of the Board of Directors' Audit Committee. This efficient organization is tailored to the needs and size of the Burckhardt Compression Group and fosters an active exchange of information and best practices with the objective of creating sustained added value for the Burckhardt Compression Group by means of continual process improvement. The internal auditors undergo regular training for the performance of their tasks. The training received is coordinated by the head of the internal Group audit. The schedule for internal audits is determined by the Audit Committee of the Board of Directors on an annual basis and may be changed or expanded by the Audit Committee as and when required. Eleven internal audits were carried out in fiscal year 2021. The internal auditors' reports were distributed to the management of the audited company, the members of the Audit Committee of the Board of Directors, the Executive Management members and to the external company auditors. The statutory auditor assesses the effectiveness of the internal control system (ICS) in a written report submitted to the Audit Committee and the Board of Directors once a year.

Risk management

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

The second stage of the risk management process consists of a periodic risk management review that takes place twice a year at the meetings of the Board of Directors' Audit Committee. To this end, the Executive Management prepares an overview of the main risks faced by Burckhardt Compression Group and an assessment of the likelihood of these risks occurring and the effects they would have. This overview is presented to the Audit Committee together with the risk mitigation measures, the people responsible for implementing them, and an implementation timetable. The Audit Committee then reports to the Board of Directors about the findings of the risk management review.

Compliance

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

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

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

3.9. Self-evaluation of the Board of Directors

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



4. EXECUTIVE MANAGEMENT

4.1. Members of the Executive Management and

4.2. Other activities and commitments

Name	Nationality	Function
Marcel Pawlicek	CH	CEO*
Rolf Brändli	CH	CFO
Sandra Pitt	DE/CH	CHRO***
Fabrice Billard	FR/CH	President Systems Division**
Rainer Dübi	CH	President Services Division

*until March 31, 2022

**until March 31, 2022

***until December 31, 2021

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



MARCEL PAWLICEK (1963)

Education

Degree in Mechanical Engineering, HTL Winterthur, Switzerland, MBA Marketing and International Business, Fordham University, New York, USA

Professional background

2011– March 31, 2022 CEO, Burckhardt Compression Group, Switzerland
2008–2011 Head of Design & Manufacturing, Burckhardt Compression AG, Switzerland
2001 – 2008 Head of CSS, Burckhardt Compression AG, Switzerland
1999–2001 Head Sales and Contracting HPI, Sulzer-Burckhardt AG, Switzerland
1989–1999 Project Manager and Marketing & Sales Manager for Burckhardt compressors, Sulzer Inc., USA
1986–1989 Design Engineer, Sulzer-Burckhardt AG, Switzerland

Other activities and commitments

- President of the Swiss-CIS/ Georgia Chamber of Commerce
- Vice President of AZW Winterthur, Switzerland
- Member of the Board, Switzerland-Global Enterprise



ROLF BRÄNDLI (1968)

Education

Degree in Business Administration, HWV Zurich, Switzerland

Professional background

Since 2008 CFO, Burckhardt Compression Group, Switzerland
2001–2008 Head of Finance & Administration, Sulzer Brasil S.A., Brazil; Regional Controller, Sulzer Pumps South America & South Africa
1997–2001 Regional Controller Asia/Pacific, Sulzer International Ltd.; General Manager, Sulzer Hong Kong Ltd., Hong Kong, SAR China
1994–1997 Management Consultant, OBT Treuhand AG Zurich, Switzerland



SANDRA PITT (1971)

Education

Bachelor in Business Administration/Business Informatics, Germany, MBA International Finance/International HR, American University Washington, USA

Professional background

2015– December 31, 2021 CHRO, Burckhardt Compression Group, Switzerland
2013–2015 Head Corporate HR, AFG Management AG, Switzerland
2012–2013 Head of HR Central Europe, Holcim (Schweiz) AG, Switzerland
2010–2012 Head of HR, Holcim (Schweiz) AG, Switzerland
2007–2009 Head of HR, BASF Group Switzerland, BASF Schweiz AG, Switzerland
2006–2007 HR Specialist Region Europe, BASF AG, Germany
2003–2006 Internal Consultant Performance Management, BASF AG, Germany
2002–2003 HR Coordinator Europe, BASF AG, Germany



FABRICE BILLARD (1970)

Education

Master of Science in Aeronautics and Aerospace Engineering, Ecole Centrale Paris, France

Professional background

Since April 1, 2022 CEO Burckhardt Compression Group, Switzerland
2016–2022 President Systems Division, Burckhardt Compression Group, Switzerland
2015–2016 Chief Strategy Officer, Sulzer, Switzerland
2012–2015 Head Business Unit Mass Transfer Technology, Sulzer Chemtech, Switzerland/Singapore
2010–2012 Head Europe, Middle East, India, Russia & Africa Business Unit, Mass Transfer Technology, Sulzer Chemtech, Switzerland
2008–2010 Vice President Business Development, Sulzer Chemtech, Switzerland
2005–2008 Head Global Customer Services, Sulzer Pumps, Switzerland
2004–2005 Strategic Development Manager, Sulzer Corporate, Switzerland
1999–2004 Principal, The Boston Consulting Group, Switzerland/France



RAINER DÜBI (1969)

Education

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

Professional background

Since 2019 President Services Division, Burckhardt Compression Group, Switzerland
2012–2019 Head of Design & Manufacturing, Burckhardt Compression AG, Switzerland
2010–2012 Senior Sales Manager, Burckhardt Compression AG, Switzerland
2007–2010 Manager Sizing, Burckhardt Compression AG, Switzerland
2003–2007 Sizing Project Engineer, Burckhardt Compression AG, Switzerland
2001–2003 Commissioning Lead Engineer, Alstom, Switzerland
1999–2001 Commissioning Engineer, ABB, Switzerland

Changes in the Management

On November 23, 2021 Burckhardt Compression announced that Fabrice Billard will become the new CEO of Burckhardt Compression as of April 1, 2022. On February 3, 2022 Burckhardt Compression appointed Vanessa Valentin as new CHRO and member of the Executive Management. She will join Burckhardt Compression on June 1st, 2022 to succeed Sandra Pitt, who left the company at the end of December 2021.

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

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

4.4. Management contracts

There are no management contracts with third parties.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

The principles and elements of compensation paid to members of the Board of Directors and the Executive Management as well as the authority and the mechanisms used to determine such compensation are explained in the Compensation Report on pages 80 to 87.

The shareholdings of the members of the Board of Directors and the Executive Management in Burckhardt Compression Holding AG are listed in the Compensation Report on pages 80 to 87 and in the financial statements, note 103, "Share capital and shareholders" on page 124.

Burckhardt Compression Group did not grant any loans, credit or collateral to any of the members of the Board of Directors or the Executive Management in fiscal year 2021 and there are no arrangements of this nature outstanding.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

6.1. Voting rights restrictions and representation of voting rights

No person or entity will be registered as a shareholder in the Share Register for more than 5% of the issued share capital. This entry restriction is also applicable to persons whose shares are held, in whole or in part, by nominees. This restriction is also valid if shares are acquired through the exercise of subscription, option, or conversion rights. This restriction on voting rights does not apply to shareholders who were in possession of more than 5% of the shares of Burckhardt Compression Holding AG before the IPO. There is no provision for measures to remove restrictions.

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

6.2. Statutory quorums

A majority of at least two-thirds of the voting rights represented is required for changes to the company's Bylaws.

6.3. Convocation of the General Meeting of Shareholders

None of the applicable rules deviate from the law.

6.4. Inclusion of items on the agenda

Shareholders who together represent at least 10% of the share capital can ask for an item to be included on the agenda of the General Meeting. The Board of Directors must receive written proposals for items to be included on the agenda, specifying the issue to be discussed and the shareholders' proposals, at the latest 40 days before the date of the General Meeting.

6.5. Entries in the Share Register

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

7. CHANGES OF CONTROL AND DEFENSIVE MEASURES

7.1. Obligation to make an offer

Once a shareholder acquires 33⅓% of share capital and voting rights, he/she will be under an obligation to submit a public tender offer. The Bylaws contain neither an opting-out nor an opting-up clause.

7.2. Clauses on change of control

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

8. AUDITORS

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

PricewaterhouseCoopers AG (PwC) has been the statutory auditor of Burckhardt Compression Holding AG since 2002 and is also in charge of the audit of the consolidated financial statements. The statutory auditor is elected by the General Meeting of Shareholders for one year at a time. Burckhardt Compression plans to tender its external audit contracts at least every 10 years and examine all bids received. The most recent invitation to tender was issued during the fiscal year 2012. PwC was awarded the contract in March 2013 and was re-elected as statutory auditor by the General Meeting of Shareholders in June 2013. The auditor in charge will be changed after a maximum period of seven years. Sandra Böhm Uglow has served as auditor in charge since the 2020 reporting period.



8.2. Auditor's fees

Total fees for auditing services provided by PwC worldwide during fiscal year 2021 amounted to TCHF 372 (previous year: TCHF 354).

8.3. Additional fees

The additional fees for services provided by PwC worldwide during fiscal year 2021 are in the amount of TCHF 110 (previous year: TCHF 78). Additional services rendered by PwC outside the audit mandate in the previous year are compatible with the audit assignment.

8.4. Information tools of the external auditors

The Audit Committee assists the Board of Directors in monitoring the Company's accounting and financial reporting. It assesses the internal control procedures, the management of business risks, the audit plan and scope, the conduct of the audits and their results. The Audit Committee also reviews the auditor's fees. The statutory auditor is present during the examination of the consolidated annual and semi-annual financial statements. Once a year, the members of the Audit Committee receive from the statutory auditor a summary of the audit findings and suggested improvements. The Audit Committee held four meetings during the 2021 reporting period. The auditor in charge and another representative of the auditor took part in these meetings.

9. INFORMATION POLICY

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

Key dates for 2022 and 2023

July 1, 2022

Annual General Meeting

November 1, 2022

Results for the first half of 2022 (closing September 30, 2022)

June 6, 2023

2022 Annual Report (closing March 31, 2023)

July 1, 2023

Annual General Meeting

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

10. QUIET PERIODS

No Board member, member of the Executive Management or other employee of Burckhardt Compression specifically notified by the CFO may trade with Burckhardt Compression shares listed in stock exchange during the period starting from April 1 and October 1 respectively and ending with the close of the first trading day after Burckhardt Compressions' public release of the relevant annual or half-year report. Besides these recurring lock-out periods, in 2021 there was one specific lock-out period from November 4, 2021 to December 6, 2021 during an acquisition.

Compensation Report

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



1. BASIS

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

2. COMPENSATION POLICY

Burckhardt Compression has established a transparent and long-term-oriented compensation system. The objectives pursued with this system are to ensure that the compensation of the Board of Directors and the company executives is market-competitive and to achieve a good balance between the interests of the shareholders, the directors, and executive management. Market-competitive pay is a basic prerequisite for attracting well-qualified directors and executives and ensuring that they remain with the company in the long run.

3. ORGANIZATION, DUTIES AND POWERS

The Nomination and Compensation Committee (NCC) is comprised of at least two members of the Board of Directors. The members of the NCC are elected individually and annually by the Annual General Meeting and their term of office shall expire at the end of the next Annual General Meeting. The Annual General Meeting of July 2, 2021 elected Dr. Monika Krüsi and Dr. Stephan Bross to the Nomination and Compensation Committee. The Board of Directors appointed Dr. Monika Krüsi Chair of the Nomination and Compensation Committee.

The NCC meets at least twice a year. The CEO and CHRO attend these meetings in an advisory capacity, except during deliberation on meeting topics that pertain to themselves. The Nomination and Compensation Committee held five meetings during the year under review.

The duties and powers of the NCC are set forth in the company's Bylaws and Organizational Regulations (www.burckhardtcompression.com/corporate-governance). The NCC supports the Board of Directors in the performance of its duties pertaining to the compensation and personnel policies of the company and the entire Group as prescribed by law or the company's Bylaws. The most important duties and powers of the NCC with regard to compensation are given in the table below.

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

- a prospective vote on the maximum aggregate amount of fixed compensation for the Board of Directors and the Executive Management for the fiscal year following the Annual General Meeting
- a retrospective vote on the maximum aggregate amount of variable compensation for the Executive Management for the fiscal year preceding the Annual General Meeting.

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

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

BOD = Board of Directors | NCC = Nomination and Compensation Committee

4. COMPENSATION SYSTEM

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

4.1. Compensation system for the Board of Directors

Compensation for the Board of Directors consists of a fixed component, 80% of which is paid in cash, 20% in shares; a fixed cash supplement for directors who serve on a formal Board committee; and a fixed lump-sum for expenses. The number of shares awarded is based on the average share price (daily closing price on the SIX exchange) for the period between the announcement of the full-year results and the Annual General Meeting.

The fixed component amounts to CHF 81'000 for members of the Board of Directors and to CHF 184'000 per year for the Chairman of the Board of Directors. The fixed cash supplement for directors serving on a formal Board committee is CHF 10'000 a year. The lump sum for expenses is CHF 4'000 for members of the Board of Directors and CHF 6'000 per year for the Chairman of the Board of Directors.

4.2. Compensation system for the Executive Management

Compensation of the Executive Management consists of three components:

- a fixed base salary
- a variable performance- and profit-related annual bonus paid in cash
- a variable performance- and profit-related long-term incentive bonus awarded in the form of free shares.

Base salary

The functions performed by members of the Executive Management are assigned to so-called Global Grades as defined by a global functional grading system (Willis Towers Watson Global Grading System). Market data for each Global Grade based on Willis Towers Watson's Global 50 Remuneration Planning Report and the results of annual executive performance appraisals are taken into consideration when determining the base salary of the members of the Executive Management.

Annual Bonus

The members of the Executive Management receive a variable performance- and profit-related bonus in addition to their base salaries. A new annual bonus plan for the Executive Management went into effect in fiscal year 2020. The annual bonus is calculated from the net income of Burckhardt Compression Group – if a minimum financial threshold of 4% return on sales at the net profit level is achieved – and a percentage rate determined by the Global Grade. The percentage rate applied for the CEO is 0.28%. The percentage rate for other members of the Executive Management – depending on their Global Grade – ranges from 0.12% to 0.16%. The annual bonus is limited to 50% of base salary.

Long-term incentive pay

Members of the Executive Management additionally receive long-term incentive pay awarded in the form of free shares. The long-term bonus program is valid for a six-year period (fiscal years 2017–2022). Long-term incentive pay is based on the attainment of the Mid-Range Plan targets for organic growth (sales) and net income of Burckhardt Compression Group for the fiscal years 2018 to 2022 as well as for the 2017 fiscal year.

The basis upon which the long-term incentive pay is calculated consists of a fixed, predefined amount per Global Grade. If the sales and net income targets set in the Mid-Range Plan are attained by the end of the fiscal year 2022, this fixed amount will be multiplied by a factor of 1.0 (0.5 each for sales and net income) and awarded in the form of shares (free shares).

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

An interim evaluation of the attained targets was conducted after three years. Members of the Executive Management whose employment with the company had not been terminated as of July 31, 2020 were on that date awarded a number of free shares for the fiscal years 2017, 2018, and 2019, based on attainment of the targets. These free shares were distributed at the end of July 2020. The factors used for the multiplication of the fixed amount in the interim evaluation are limited to 0.3 each (total 0.6). The second allotment of free shares for the fiscal years 2020, 2021 and 2022 will be distributed at the end of July 2023, subject to approval by the Annual General Meeting and provided that the employment contract for the respective Executive Management members has not been terminated for any reason, other than retirement. Persons subsequently appointed to the Executive Management will be entitled to long-time incentive pay on a pro rata basis. The number of shares awarded have been, respectively will be based on the average share price for the periods from the announcement of the full-year results to the annual general meetings for the fiscal years 2019 and 2022, respectively.

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

Employment contract terms

Employment contracts with Executive Management members are entered into for an indefinite period with a notice period of six months.



5. COMPENSATION PAID WITH COMPARATIVE FIGURES FOR THE PREVIOUS YEAR

5.1. Compensation paid to the Board of Directors

The following aggregate compensation was paid to the members of the Board of Directors for the fiscal years 2021 and 2020:

in CHF 1'000	Function	Fees	Social insurance contributions and other benefits*	2021
Members of the Board of Directors				
Ton Büchner	Chairman	194	18	212
Urs Leinhäuser	Member	91	10	101
Dr. Monika Krüsi	Member	101	11	112
Dr. Stephan Bross	Member	91	10	101
David Dean	Member	91	7	98
Total		568	56	624
Approved by the 2020 AGM for FY2021				650³
in CHF 1'000	Function	Fees	Social insurance contributions and other benefits*	2020
Members of the Board of Directors				
Ton Büchner ¹	Chairman	145	14	159
Valentin Vogt ²	Chairman	36	5	41
Urs Leinhäuser	Member	91	10	101
Dr. Monika Krüsi	Member	101	10	111
Dr. Stephan Bross	Member	91	4	95
David Dean	Member	91	12	103
Total		555	55	610
Approved by the 2020 AGM for FY 2020				640⁴

¹From July 4, 2020

²Until July 3, 2020

³This amount includes a contingency reserve of CHF 11'000.

⁴This amount includes a contingency reserve of CHF 15'000.

* mandatory social insurance and contributions only, as per local Swiss regulations.

The total fixed compensation in the fiscal year under review is CHF 14'000 above the previous fiscal year. This increase is due to the adjustment of the fixed component paid to the Chairman of the Board of Directors and the marginally higher social insurance contributions and other benefits. The Annual General Meeting of July 3, 2020 approved aggregate fixed compensation in the amount of CHF 650'000 (gross, incl. social insurance contributions) for the Board of Directors (5 persons) for fiscal year 2021. The amount of compensation actually paid was CHF 26'000 less than the approved amount.

Compensation Report

5.2. Compensation paid to the Executive Management

The following compensation was paid to the members of the Executive Management for the fiscal years 2021 and 2020:

in CHF 1'000	Function	Fixed base salary, cash	Social insurance contributions and other benefits	Total fixed compensation (gross)	Variable annual bonus, cash	Share-based long-term incentive pay	Social insurance contributions and other benefits	Total variable compensation (gross)	2021 Total
Executive Management									
Marcel Pawlicek	CEO	445	115	560	151	180	106	437	997
Other members of the Executive Management		1'081	256	1'337	337	360	216	913	2'250 ²
Total		1'526	371	1'897	488	540	322	1'350	3'247
Approved by the 2020 AGM for FY 2021				2'200¹					

in CHF 1'000	Function	Fixed base salary, cash	Social insurance contributions and other benefits	Total fixed compensation (gross)	Variable annual bonus, cash	Share-based long-term incentive pay	Social insurance contributions and other benefits	Total variable compensation (gross)	2020 Total
Executive Management									
Marcel Pawlicek	CEO	438	115	553	125	150	88	363	916
Other members of the Executive Management		1'127	263	1'390	267	375	199	841	2'231
Total		1'565	378	1'943	392	525	287	1'204	3'147
Approved by the 2019 AGM for FY 2020				2'120³					

¹ This amount includes a contingency reserve of CHF 200'000.

² This amount includes CHRO's compensation until December 31, 2021.

³ This amount includes a contingency reserve of CHF 200'000.

The CEO's fixed compensation for the period under review is comparable to the level from the previous fiscal year. The total amount of fixed compensation for the other members of the Executive Management is CHF 53'000 less than in the prior-year period. This is because fixed compensation was paid to the CHRO during 9 months only during the reporting period. The Annual General Meeting of July 3, 2020 approved a total sum of CHF 2'200'000 (gross, including social insurance contributions) for the fixed compensation of the entire Executive Management for the fiscal year 2021. The amount of fixed compensation actually paid (gross, including social insurance contributions) was CHF 303'000 less than the approved amount.

The annual bonus for the Executive Management in fiscal year 2021 was CHF 96'000 higher than in the previous year as a result of the higher net income. Expenses for the Executive Management's long-term incentive pay rose by CHF 15'000 from the previous year. The provision made for the long-term incentive pay has been adjusted based on the assessment of

the business performance over a multi-year period. Such an adjustment is in accordance with Swiss GAAP FER, requiring that the related expenses must be allocated over the program's vesting period which can lead to adjustments within individual fiscal years.

The total variable compensation for the individual members of the Executive Management for the period under review ranged from 31% to 44% of total compensation.



6. OVERVIEW OF SHAREHOLDINGS AND DISTRIBUTED SHARES

6.1. Detailed overview of distributed shares

In the fiscal years 2020 and 2021 the following shares were distributed:

	Function	Shares distributed in FY 2021	Shares distributed in FY 2020
Members of the Board of Directors			
Ton Büchner ¹	Chairman	98	0
Valentin Vogt ²	Chairman	n/a	146
Urs Leinhäuser	Member	44	71
Dr. Monika Krüsi	Member	44	71
Dr. Stephan Bross	Member	44	71
David Dean	Member	44	53
Total		274	412
Executive Management			
Marcel Pawlicek	CEO	0	1'376
Other members of the Executive Management		0	3'043
Total¹		0	4'419
Total		274	4'831

¹ From July 4, 2020

² Until July 3, 2020

³ Shares are not allocated or are not distributed under the long-term incentive pay program every year.

6.2. Detailed overview of shareholdings

As per March 31, 2022, the members of the Executive Management and the Board of Directors (and related persons) owned the following numbers of shares of Burckhardt Compression Holding AG:

	Function	31.3.2022 Total shares	31.3.2021 Total shares
Members of the Board of Directors			
Ton Büchner	Chairman	5'098	5'000
Urs Leinhäuser	Member	1'758	1'714
Dr. Monika Krüsi	Member	1'163	1'119
Dr. Stephan Bross	Member	393	349
David Dean	Member	452	408
Total		8'864	8'590
Executive Management			
Marcel Pawlicek	CEO	37'737	41'937
Rolf Brändli	CFO	1'223	2'423
Sandra Pitt ¹	CHRO	n/a	908
Fabrice Billard	President Systems Division	1'300	1'300
Rainer Dübi	President Services Division	824	824
Total		41'084	47'392
Total Board of Directors and Executive Management		49'948	55'982
As a % of all outstanding shares		1.5%	1.7%

¹ Until December 31, 2021

7. TRANSACTIONS WITH THE BOARD OF DIRECTORS, THE EXECUTIVE MANAGEMENT AND RELATED PARTIES

No other payments or fees for additional services were paid to the members of the Board of Directors or the Executive Management or to related parties during the fiscal year 2021. No signing bonuses were paid during the fiscal year 2021. At the reporting date no loans, credit lines, or pension benefits over and above those provided by mandatory occupational pension plans had been granted to members of the company's boards.

8. MOTIONS FOR THE ANNUAL GENERAL MEETING

8.1. Approval of the maximum aggregate amount of variable compensation for the Executive Management for fiscal year 2021

The Board of Directors proposes that an aggregate amount of CHF 1'350'000 (gross, including social insurance contributions and other benefits) be approved as variable compensation for the Executive Management for fiscal year 2021.

8.2. Consultative vote on the Compensation Report for fiscal year 2021

The Board of Directors proposes that shareholders approve the Compensation Report for fiscal year 2021 in a consultative vote.

8.3 Approval of the maximum aggregate amount of fixed compensation for the members of the Board of Directors for fiscal year 2023

The Board of Directors proposes that a maximum aggregate amount of CHF 890'000 (gross, including social insurance contributions and other benefits) be approved as fixed compensation for the Board of Directors for fiscal year 2023. The proposed amount includes a contingency reserve of CHF 154'000.

8.4. Approval of the maximum aggregate amount of fixed compensation for members of the Executive Management for fiscal year 2023

The Board of Directors proposes that a maximum aggregate amount of CHF 2'400'000 (gross, including social insurance contributions and other benefits) be approved as fixed compensation for the Executive Management for fiscal year 2023. This is the same amount as approved by the AGM in 2021 for fiscal year 2022 and includes the fixed remuneration of the newly elected CEO, communicated on November 23rd 2021, starting on April 1, 2022. The proposed sum includes a contingency reserve of CHF 401'000.

9. EVALUATION OF THE COMPENSATION SYSTEM

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

A compensation benchmark based on external salary surveys compiled by Willis Towers Watson and presented in its Global 50 Remuneration Planning Report is one element of the integrated compensation system for the Executive Management. During the fiscal year 2020 benchmarking was carried out using this market data; account was also taken of insights from the market benchmarking carried out in 2019 with 13 listed Swiss industrial companies.



Report of the statutory auditor

to the General Meeting of Burckhardt Compression Holding AG

Winterthur

We have audited the remuneration report of Burckhardt Compression Holding AG for the year ended 31 March 2022. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 83 and 84 of the remuneration report.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the remuneration report of Burckhardt Compression Holding AG for the year ended 31 March 2022 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Sandra Böhm Uglow
Audit expert
Auditor in charge

Oliver Illa
Audit expert

Winterthur, 2 June 2022



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Financial Report

Burckhardt Compression Holding AG's fiscal year 2021 comprises the period from April 1, 2021 to March 31, 2022.

Comments on Financial Report Summary

in CHF '000	2021	2020	Change 2020/2021
Order intake	976'559	676'631	44.3%
Sales	650'698	658'580	-1.2%
Gross profit	190'844	166'157	14.9%
Operating income (EBIT)	70'336	60'816	15.7%
in % of sales	10.8%	9.2%	
Net income	50'399	47'201	6.8%
Total assets	837'798	758'093	10.5%
Total equity	242'889	219'603	10.6%
Earnings per share attributable to shareholders of Burckhardt Compression Holding AG (in CHF)	14.82	13.00	13.9%
FTEs as of end of fiscal year	2'732	2'538	7.7%



SALES AND GROSS PROFIT

Sales in the 2021 fiscal year amounted to CHF 650.7 mn, 1.2% less than in the previous year, with stronger contributions from China and the Middle East but less sales in the regions Europe and Other Asia & Australia. Excluding the effects of currency translation and acquisitions, year-on-year sales growth was –2.6%. While Turnover at the Systems Division of CHF 372.7 mn was 9.1% below the previous year's figure (no impact from acquisitions), which can be explained by the weak order intake in the first half year 2020. Sales at the Services Division increased by 11.8% (excluding acquisitions: 10.9%) to CHF 278.0 mn.

Gross profit increased by 14.9% to CHF 190.8 mn, giving a significantly higher gross profit margin of 29.3% (previous year: 25.2%). The Systems Division reported an increase of 20.7% in gross profit to CHF 71.3 mn, resulting in a gross profit margin of 19.1% (previous year: 14.4%). Gross profit at the Services Division grew by 11.6% to CHF 119.6 mn (previous year: CHF 107.1 mn), resulting in a gross profit margin of 43.0%, unchanged from previous year.

OPERATING INCOME

The consolidated operating profit (EBIT) rose to CHF 70.3 mn (previous year: CHF 60.8 mn), yielding an EBIT margin of 10.8% (previous year: 9.2%). Selling, marketing and general administrative expenses amounted to CHF 106.9 mn (10.9% of order intake, respectively 16.4% of sales), which is CHF 13.8 mn above the previous year, which at that time still included some COVID-related government subsidies in some countries and less travelling expenses due to travel restrictions. Research and development expenses rose by CHF 4.3 mn to CHF 19.7 mn due to the higher number of projects to develop innovative applications for new marine solutions and hydrogen mobility and energy. Other operating result amounted to CHF 6.1 mn, which was CHF 3.0 mn above the previous year, primarily due to some non-recurring effects.

FINANCIAL INCOME AND TAX EXPENSES

Financial expenses increased by CHF 3.1 mn to CHF 4.7 mn, mainly due to negative foreign exchange effects on inter-company loans without equity character. Income tax expense increased by CHF 3.2 mn to CHF 15.2 mn. The resulting tax rate increased to 23.2% (previous year: 20.3%), due to the higher share of profit in countries with higher tax rates and non-refundable withholding tax on internal dividend distribution.

NET INCOME

Group net income increased by 6.8% to CHF 50.4 mn or 7.7% of sales (previous year: 7.2%). Earnings per share attributable to shareholders of Burckhardt Compression increased from CHF 13.00 to CHF 14.82 (+13.9%).

BALANCE SHEET

The balance sheet total increased by 10.5% to CHF 837.8 mn. Property, plant and equipment slightly increased by 1.8% to CHF 183.2 mn and inventories by 27.4% to 192.4 mn as per closing date. Trade accounts receivables ended the fiscal year at CHF 259.0 mn, marginally below the previous year (CHF 260.4 mn). 30.0% of the accounts receivables were overdue more than 60 days as per year-end (prior year: 28.0%). Trade receivables that are overdue for more than 90 days are mainly related to projects in China. The balance between advance payments from customers compared to work in progress and advance payments to suppliers ended the year at CHF 52.0 mn (previous year: CHF 11.5 mn), as a result of the strong increase in orders received. The equity ratio increased to 29.0% (previous year: 29.0%) and is thus below the target of 30%. This can be attributed to the increase in the balance sheet total and the offsetting of goodwill from the acquisition of Mark van Schaick BV against the equity. Total net operating assets lowered by 23.1% compared to the previous year to CHF 274.5 mn.

CASH FLOW

Cash and cash equivalents increased by CHF 25.6 mn to CHF 101.0 mn in the 2021 fiscal year. Cash flow from operating activities increased by CHF 2.6 mn to CHF 134.8 mn. The net cash outflow from investing activities was amounting to CHF –34.1 mn (previous year: CHF –40.3 mn), including CHF –9.5 mn for the acquisition of the shares of Mark van Schaick BV. Total cash outflow from financing activities was reported at CHF –73.9 mn (previous year: CHF –109.5 mn), including the payment of dividends amounting to CHF 22.2 mn. The net financial position (net debt) further improved by CHF 25.6 mn to CHF –56.8 mn (previous year: CHF –82.4 mn).

Consolidated income statement

in CHF '000	Notes	2021	2020
Sales		650'698	658'580
Cost of goods sold		-459'854	-492'423
Gross Profit		190'844	166'157
Selling and marketing expenses		-57'188	-47'997
General and administrative expenses		-49'735	-45'064
Research and development expenses	7	-19'698	-15'358
Other operating income	8	23'957	21'055
Other operating expenses	8	-17'844	-17'977
Operating income		70'336	60'816
Financial income and expenses	9	-4'746	-1'616
Earnings before taxes		65'590	59'200
Income tax expenses	10	-15'191	-11'999
Net income		50'399	47'201
Share of net income attributable to shareholders of Burckhardt Compression Holding AG		50'244	44'034
Share of net income attributable to non-controlling interests		155	3'167
Basic earnings per share (in CHF)	11	14.82	13.00
Diluted earnings per share (in CHF)	11	14.82	13.00

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



Consolidated balance sheet

in CHF 1'000	Notes	03/31/2022	03/31/2021*
Non-current assets			
Intangible assets	12	13'460	12'351
Property, plant and equipment	13	183'236	180'080
Deferred tax assets	10	16'225	14'514
Other financial assets	14	4'077	4'005
Total non-current assets		216'998	210'950
Current assets			
Inventories	15	192'362	151'031
Trade receivables	16	258'983	260'395
Other current receivables	17	65'177	56'981
Prepaid expenses and accrued income		3'262	3'366
Cash and cash equivalents		101'016	75'370
Total current assets		620'800	547'143
Total assets		837'798	758'093
Equity			
Share capital	18	8'500	8'500
Capital reserves		525	486
Treasury shares	18	-2'136	-2'206
Retained earnings and other reserves		235'450	212'324
Equity attributable to shareholders of Burckhardt Compression Holding AG		242'339	219'104
Non-controlling interests		550	499
Total equity		242'889	219'603
Liabilities			
Non-current liabilities			
Non-current financial liabilities	19	128'881	133'070
Deferred tax liabilities	10	11'502	11'097
Non-current provisions	20	12'920	14'485
Other non-current liabilities	21	3'306	3'916
Total non-current liabilities		156'609	162'568
Current liabilities			
Current financial liabilities	19	28'925	24'726
Trade payables		97'263	92'474
Customers' advance payments		162'656	92'273
Other current liabilities	22	36'131	73'817
Accrued liabilities and deferred income	23	84'853	66'065
Current provisions	20	28'472	26'567
Total current liabilities		438'300	375'922
Total liabilities		594'909	538'490
Total equity and liabilities		837'798	758'093

*Prior period figures for inventories and customers' advance payments have been restated (see note 2.2).

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

Consolidated cash flow statement

in CHF 1'000	Notes	2021	2020*
Cash flow from operating activities			
Net income		50'399	47'201
Income tax expenses	10	15'191	11'999
Financial income and expenses	9	4'746	1'616
Depreciation	13	16'775	17'476
Amortization	12	3'232	3'632
Change in inventories		-41'350	51'170
Change in trade receivables		1'611	3'906
Change in other current assets		-10'837	10'902
Change in trade payables		4'839	-1'448
Change in customers' advance payments		70'382	8'158
Change in provisions		874	4'045
Change in other liabilities		30'874	-20'517
Adjustment for non-cash items		3'911	6'435
Interest received		57	449
Interest paid		-2'432	-2'365
Income taxes paid	10	-13'513	-10'464
Total cash flow from operating activities		134'759	132'195
Cash flow from investing activities			
Purchase of property, plant and equipment	13	-17'662	-17'425
Sale of property, plant and equipment		520	1'226
Purchase of intangible assets	12	-5'115	-2'938
Acquisition of group companies net of cash acquired	4	-11'820	-21'227
Total cash flow from investing activities		-34'077	-40'364
Cash flow from financing activities			
Increase in financial liabilities		22'350	100'154
Decrease in financial liabilities		-22'640	-126'109
Purchase of treasury shares		-	-3'153
Acquisition of non-controlling interests	4	-51'500	-50'400
Dividends paid		-22'152	-29'954
Total cash flow from financing activities		-73'942	-109'462
Currency translation differences on cash and cash equivalents		-1'094	2'682
Net change in cash and cash equivalents		25'646	-14'949
Cash and cash equivalents at beginning of period		75'370	90'319
Cash and cash equivalents at end of period		101'016	75'370
Net change in cash and cash equivalents		25'646	-14'949

* Prior period figures for inventories and customers' advance payments have been restated (see note 2.2).

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 04/01/2020	8'500	435	-5'216	-616	-13'315	-121'835	405'529	273'482	44'024	317'506
Result for the period							44'034	44'034	3'167	47'201
Currency translation differences					10'186			10'186	308	10'494
Changes of cash flow hedges				374				374		374
Dividends paid							-20'180	-20'180	-9'774	-29'954
Changes in treasury shares			-3'153					-3'153		-3'153
Share-based payments (distributed)		51	6'163				-6'214	-		-
Share-based payments (provision in equity)							3'907	3'907		3'907
Goodwill on acquisition ¹						-24'872		-24'872		-24'872
Acquisition of non-controlling interests ¹							-64'674	-64'674	-37'226	-101'900
Balance at 03/31/2021	8'500	486	-2'206	-242	-3'129	-146'707	362'402	219'104	499	219'603
Balance at 04/01/2021	8'500	486	-2'206	-242	-3'129	-146'707	362'402	219'104	499	219'603
Result for the period							50'244	50'244	155	50'399
Currency translation differences					-1'905			-1'905	11	-1'894
Changes of cash flow hedges				1'836				1'836		1'836
Dividends paid							-22'037	-22'037	-115	-22'152
Changes in treasury shares								-		-
Share-based payments (distributed)		39	70				-109	-		-
Share-based payments (provision in equity)							4'395	4'395		4'395
Goodwill on acquisition ¹						-9'298		-9'298		-9'298
Balance at 03/31/2022	8'500	525	-2'136	1'594	-5'034	-156'005	394'895	242'339	550	242'889

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

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

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Burckhardt Compression is a manufacturer and service provider for a full range of reciprocating compressor technologies and services. Its customized compressor systems are used in the gas gathering & processing, gas transport and storage, refinery, chemical, petrochemical, hydrogen mobility and energy and industrial gas 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 2021 comprises the period from April 1, 2021 to March 31, 2022. These consolidated financial statements were authorized for issue by the Board of Directors on June 2, 2022 and will be submitted to shareholders for approval at the annual general meeting scheduled for July 1, 2022.

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 Policies

Over the current financial year, Burckhardt Compression has successfully achieved a high increase in order volume resulting in significantly higher balances of inventories and customers' advance payments. Inventories and customers' advance payments have been presented gross in the past. Because of this significant increase, Burckhardt Compression has analyzed the accounting policy on the presentation of these items and has concluded that a net presentation of inventories and customers' advance payments results in a more transparent and meaningful presentation on the balance sheet. Therefore, Burckhardt Compression has changed its accounting policy as of March 31, 2022 from a gross presentation of inventories and customers' advance payments to a net presentation offsetting customers' advance payments (without right of clawback) with inventories on a project by project basis. The net amount reported in the consolidated balance sheet under customers' advance payments contains only customers' advance payments with no related inventories on a project by project basis. The amounts for the comparative period reported in previously published financial statements have been restated accordingly.

The impact of the change on the consolidated balance sheet is presented in the table below.

in CHF '000	03/31/2022		03/31/2021		03/31/2020	
	Inventories	Customers' advance payments	Inventories	Customers' advance payments	Inventories	Customers' advance payments
Gross Amounts	266'444	236'738	190'435	131'677	264'479	145'297
Offsetting of customers' advance payments ¹	74'082	74'082	39'404	39'404	65'540	65'540
Net amounts reported in the consolidated balance sheet	192'362	162'656	151'031	92'273	198'939	79'757

¹ Contains only customers' advance payments with related inventories on a project by project basis.



In addition, Burckhardt Compression has restated the amounts previously reported as changes in inventories and changes in customers' advance payments in the cash flow statement. The restatement is illustrated in the table below.

in CHF 1'000	2021	2020
Change in inventories	-41'350	51'170
Change in customers' advance payments	70'382	8'158

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.

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 33.

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 May 31, 2022, 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 inter-company loans with equity character are directly recorded in equity.

Major Foreign Currency Exchange Rates

	Average rates		Period-end rates	
	2021	2020	03/31/2022	03/31/2021
1 EUR	1.07	1.08	1.03	1.11
1 USD	0.92	0.92	0.92	0.94
100 CNY	14.31	13.63	14.58	14.30

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
- Other non-current assets: maximum 5 years

2.9 Other Financial Assets

Other financial assets include loans and long-term rental deposits. They are stated at cost less appropriate impairment losses.

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

2.13 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

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

2.17 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 arising from the sale of goods and the rendering of services upon completion of the contract, net of sales or value-added taxes, credits, discounts and rebates. Revenue and the related cost of goods sold are recognized in the accounts when the risks and rewards have passed to the customers subject to the conditions of sale. The following conditions must be met in this regard:

- Deliveries have been made and/or the service as per contract has been performed.
- 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.

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 carry-forwards, tax credits as well as temporary valuation differences of assets and liabilities. They are recognized to the extent that realization through future taxable profits is probable.

2.22 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 according principles and regulations established by the Management. 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

Mark van Schaick BV (Netherlands)

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

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

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

in CHF 1'000	
Property, Plant and Equipment	2'898
Inventories	7
Trade receivables and other receivables	955
Prepaid expenses and other current assets	35
Current liabilities	-3'543
Non-Current liabilities	-188
Net assets/liabilities acquired at fair value	164
Goodwill from acquisition	9'298
Total purchase price	9'462
Less cash and cash equivalents acquired	-
Net cash outflow on acquisition	9'462



Shenyang Yuanda Compressor Co. Ltd. (China)

On February 23, 2021, Burckhardt Compression acquired the remaining 40% of the shares of Shenyang Yuanda Compressor Co. Ltd. Together with the already existing interest of 60%, Burckhardt Compression now holds 100% of the Chinese company.

The purchase price for the remaining 40% amounts to CHF 101.9 mn. The parties have agreed that the purchase price shall be paid in two installments. CHF 50.4 mn was paid at closing and the remaining CHF 51.5 mn have been paid on March 11, 2022. Burckhardt Compression recognized CHF 50.4 mn as an acquisition of non-controlling interest in the cash flow from financing activities. The acquisition led to a reduction of non-controlling interests in the consolidated statement of equity in the amount of CHF 37.2 mn. The difference of CHF 64.7 mn between the purchase price and the carrying value of the non-controlling interests was recognized in retained earnings.

The Japan Steel Works Ltd. (Japan)

On April 21, 2020, Burckhardt Compression acquired the global compressor business from the Japan Steel Works Ltd. (JSW), a Japanese business based in Tokyo, in an asset deal.

With the acquisition of the global compressor business from JSW, Burckhardt Compression is strengthening its market presence in Japan.

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

in CHF 1'000	
Inventories	719
Non-current liabilities	-1'794
Current liabilities	-212
Net assets/liabilities acquired at fair value	-1'287
Goodwill from acquisition	24'872
Total purchase price	23'585
Less cash and cash equivalents acquired	-
Less deferred consideration	-2'358 ¹
Net cash outflow on acquisition	21'227

¹ Deferred consideration paid on July 5, 2021

A complete list of all Group companies is shown in note 33.

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 gas gathering & processing, gas transport and storage, refinery, chemical, petrochemical, hydrogen mobility and energy and industrial gas 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.

in CHF 1'000	Systems Division		Services Division		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Sales	372'657	409'793	278'041	248'787	–	–	650'698	658'580
Cost of goods sold	–301'384	–350'731	–158'470	–141'692	–	–	–459'854	–492'423
Gross profit	71'273	59'062	119'571	107'095	–	–	190'844	166'157
Gross profit as % of sales	19.1%	14.4%	43.0%	43.0%	–	–	29.3%	25.2%
Operating income	21'108	16'182	58'353	51'246	–9'125	–6'612	70'336	60'816
Operating income as % of sales	5.7%	3.9%	21.0%	20.6%	–	–	10.8%	9.2%

Geographic information

in CHF 1'000	2021	2020
Sales by customer location		
Europe	177'546	190'129
Africa	4'174	2'834
North America	73'603	74'507
South America	11'148	7'206
Middle East	49'391	35'782
China	240'334	214'116
Other Asia & Australia	94'502	134'006
Total	650'698	658'580

in CHF 1'000	2021	2020
Capital expenditure for property, plant and equipment		
Europe	9'324	5'127
Africa	27	329
North America	562	1'072
South America	28	22
Middle East	87	60
China	3'395	18'222
Other Asia & Australia	804	639
Total	14'227	25'471



6. PERSONNEL EXPENSES

in CHF '000	2021	2020
Wages and salaries	-173'249	-155'630
Social security and pension expenses	-34'758	-31'469
Other personnel expenses	-19'597	-13'219
Total personnel expenses	-227'604	-200'318

In the current fiscal year 2021 the personnel expenses did not contain any governmental contributions related to the Corona Virus situation. In the prior year, personnel expenses included governmental contributions from overall six countries related to the Corona Virus situation in the amount of CHF 8.0 mn.

7. RESEARCH AND DEVELOPMENT EXPENSES

Research and development activities in the fiscal year 2021 focused on the development of products and technologies for the hydrogen economy. The focus was on standardized compressor packages, sealing technology and solutions for the online monitoring of the compressors. Additionally, we have strengthened our portfolios for new machines and services for the off-shore LNG and the PCI market.

8. OTHER OPERATING INCOME AND EXPENSES

in CHF '000	2021	2020
Currency exchange gains	7'022	8'833
Other operating income	16'935	12'222
Total other operating income	23'957	21'055
Currency exchange losses	-7'683	-8'562
Other operating expenses	-10'161	-9'415
Total other operating expenses	-17'844	-17'977
Total other operating income and expenses	6'113	3'078

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 3.7 mn (prior year: CHF 4.1 mn).

9. FINANCIAL INCOME AND EXPENSES

in CHF 1'000	2021	2020
Interest expenses	-3'361	-3'274
Interest income	350	653
Other financial income (+) and expenses (-)	-1'735	1'005
Total financial income and expenses	-4'746	-1'616

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

10. INCOME TAXES

Income Tax Expenses

in CHF 1'000	2021	2020
Current income tax expenses	-16'221	-14'322
Deferred income tax income (+) and expenses (-)	1'030	2'323
Total income tax expenses	-15'191	-11'999

Reconciliation of Income Tax Expenses

in CHF 1'000	2021	2020
Earnings before taxes	65'590	59'200
Expected income tax expenses	-14'728	-13'006
Effect of non-recognition of tax loss carry forwards	-27	-2'633
Effect of income tax of prior periods	-1'663	-1'000
Effect of changes in tax rates	-	-
Effect of Goodwill amortization for tax purposes	1'300	1'591
Effect of non-deductible expenses/income not subject to tax	-73	3'049
Total income tax expenses	-15'191	-11'999
as % of earnings before taxes	23.2%	20.3%

The effective tax rate of Burckhardt Compression Group of 23.2% (prior year: 20.3%) corresponds to the weighted average tax rate based on the profit before income taxes and the tax rate of each group company. The higher tax rate is mainly affected by the changed contribution of taxable income from different countries and non-deductible taxes.



Current Income Taxes

in CHF 1'000	2021	2020
Net current income tax liabilities		
Balance as per 04/01/2021 / 04/01/2020	4'676	1'944
Changes in the consolidation scope	–	–
Recognized in the income statement	14'558	13'322
Income taxes paid	–13'513	–10'464
Translation differences	305	–126
Balance as per 03/31/2022 / 03/31/2021	6'026	4'676
thereof current tax assets	2'323	936
thereof current tax liabilities	8'349	5'612

Deferred Income Taxes

in CHF 1'000	2021	2020
Net deferred income tax liabilities		
Balance as per 04/01/2021 / 04/01/2020	–3'417	–893
Changes in the consolidation scope	–	–
Recognized in the income statement	–1'030	–2'323
Recognized in equity	119	98
Translation differences	–395	–299
Balance as per 03/31/2022 / 03/31/2021	–4'723	–3'417
thereof deferred tax assets	16'225	14'514
thereof deferred tax liabilities	11'502	11'097

Tax Loss Carry Forwards

in CHF 1'000	03/31/2022	03/31/2021
Expiring in the next 3 years	2'389	333
Expiring in 4 years or later	43'457	42'333
Total tax loss carry forwards	45'846	42'666
Potential deferred tax assets from tax loss carry forwards	10'302	9'801
Effect of non-recognized tax loss carry forwards	–5'507	–5'480
Effective deferred tax assets from tax loss carry forwards	4'795	4'321

11. EARNINGS PER SHARE

in CHF 1'000	2021	2020
Net income attributable to the shareholders of Burckhardt Compression Holding AG	50'244	44'034
Average number of outstanding shares	3'390'572	3'386'013
Earnings per share (CHF)	14.82	13.00

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	2021 Total	Software	Other intangible assets	Intangible assets under construction	2020 Total
Balance as per 04/01/2021 / 04/01/2020	32'904	685	3'431	37'020	31'992	632	2'106	34'730
Changes in the consolidation scope	–	–	–	–	–	–	–	–
Additions	453	3	4'659	5'115	285	30	2'623	2'938
Disposals	–	–	–731	–731	–963	–	–	–963
Reclassifications	1'693	–	–1'693	–	1'303	–	–1'303	–
Currency translation differences	–329	–1	8	–322	287	23	5	315
Balance as per 03/31/2022 / 03/31/2021	34'721	687	5'674	41'082	32'904	685	3'431	37'020

Accumulated Amortization

in CHF 1'000	Software	Other intangible assets	Intangible assets under construction	2021 Total	Software	Other intangible assets	Intangible assets under construction	2020 Total
Balance as per 04/01/2021 / 04/01/2020	–24'097	–572	–	–24'669	–21'297	–490	–	–21'787
Changes in the consolidation scope	–	–	–	–	–	–	–	–
Additions	–3'187	–45	–	–3'232	–3'567	–65	–	–3'632
Disposals	–	–	–	–	963	–	–	963
Reclassifications	–	–	–	–	–	–	–	–
Currency translation differences	275	4	–	279	–196	–17	–	–213
Balance as per 03/31/2022 / 03/31/2021	–27'009	–613	–	–27'622	–24'097	–572	–	–24'669



Net Book Value

in CHF 1'000	Software	Other intangible assets	Intangible assets under construction	2021 Total	Software	Other intangible assets	Intangible assets under construction	2020 Total
As per 04/01/2021 / 04/01/2020	8'807	113	3'431	12'351	10'695	142	2'106	12'943
As per 03/31/2022 / 03/31/2021	7'712	74	5'674	13'460	8'807	113	3'431	12'351

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	2021	2020
Acquisition costs		
Balance as per 04/01/2021 / 04/01/2020	146'707	121'835
Additions from acquisitions	9'298	24'872
Balance as per 03/31/2022 / 03/31/2021	156'005	146'707
Accumulated amortization		
Balance as per 04/01/2021 / 04/01/2020	-111'589	-86'506
Amortization expense	-10'815	-25'083
Balance as per 03/31/2022 / 03/31/2021	-122'404	-111'589
Net book value		
Theoretical net book value as per 04/01/2021 / 04/01/2020	35'118	35'329
Theoretical net book value as per 03/31/2022 / 03/31/2021	33'601	35'118
Theoretical impact on equity		
Equity as per balance sheet	242'889	219'603
Theoretical capitalization of goodwill	33'601	35'118
Theoretical equity including net book value of goodwill	276'490	254'721
Theoretical impact on net income		
Net income as per income statement	50'399	47'201
Amortization of goodwill	-10'815	-25'083
Theoretical net income after goodwill amortization	39'584	22'118

13. PROPERTY, PLANT & EQUIPMENT

Acquisition Costs

in CHF 1'000	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2021 Total	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2020 Total
Balance as per 04/01/2021 / 04/01/2020	157'343	134'846	33'617	6'807	332'613	168'706	129'007	30'199	20'188	348'100
Changes in the consolidation scope	–	2'957	–	–	2'957	–	–	–	–	–
Additions	271	4'840	1'777	7'339	14'227	382	2'964	2'839	19'286	25'471
Disposals	–257	–1'122	–305	–273	–1'957	–11'842	–7'093	–1'186	–141	–20'262
Reclassifications	7'644	2'701	214	–6'163	4'396	–1'236	7'738	1'145	–32'972	–25'325
Currency translation differences	–1'042	–476	–549	172	–1'895	1'333	2'230	620	446	4'629
Balance as per 03/31/2022 / 03/31/2021	163'959	143'746	34'754	7'882	350'341	157'343	134'846	33'617	6'807	332'613

Accumulated Depreciation

in CHF 1'000	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2021 Total	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2020 Total
Balance as per 04/01/2021 / 04/01/2020	–35'356	–94'681	–22'496	–	–152'533	–35'226	–90'727	–19'515	–	–145'468
Changes in the consolidation scope	–	–	–	–	–	–	–	–	–	–
Additions	–4'576	–8'749	–3'450	–	–16'775	–4'749	–9'000	–3'727	–	–17'476
Disposals	8	992	271	–	1'271	5'081	6'363	1'028	–	12'472
Reclassifications	–	–	–	–	–	–	–	–	–	–
Currency translation differences	246	299	387	–	932	–462	–1'317	–282	–	–2'061
Balance as per 03/31/2022 / 03/31/2021	–39'678	–102'139	–25'288	–	–167'105	–35'356	–94'681	–22'496	–	–152'533

Net Book Value

in CHF 1'000	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2021 Total	Land and buildings	Machinery and equipment	Other business assets	Assets under construction	2020 Total
As per 04/01/2021 / 04/01/2020	121'987	40'165	11'121	6'807	180'080	133'480	38'280	10'684	20'188	202'632
As per 03/31/2022 / 03/31/2021	124'281	41'607	9'466	7'882	183'236	121'987	40'165	11'121	6'807	180'080

Relocation Shenyang Yuanda Compressor Co. Ltd (SYCC)

Back in 2018, SYCC started the relocation of its manufacturing and assembly facility, to the newly established China Germany Equipment Manufacturing Industrial Park, which is also located in the city of Shenyang. The relocation was completed end of 2020. In the course of this transaction SYCC has purchased and built new PPE and at the same time has given back existing PPE to the Chinese government. The whole transaction was subsidized by the Chinese government. Overall SYCC in the period 2018 to 2020 invested more than CHF 30 mn for this project. With the completion of the relocation project back in fiscal year 2020, land use rights, buildings and machinery that were built or acquired in the course of the relocation have been offset with the granted subsidies by the government (Netting of assets and liabilities; shown under reclassifications in fiscal year 2020).



14. OTHER FINANCIAL ASSETS

Other financial assets mainly include time deposits.

15. INVENTORIES

The amount presented as inventories as of March 31, 2021 has been restated. Please refer to note 2.2.

in CHF '000	03/31/2022	03/31/2021
Raw materials, supplies and consumables	44'022	36'223
Work in progress	82'858	61'183
Finished products and trade merchandise	55'517	51'526
Advance payments to suppliers	27'846	19'578
Valuation allowance	-17'881	-17'479
Total inventories	192'362	151'031

The capital invested in work in progress and advance payments to suppliers is fully financed by advance payments from customers, leaving a positive balance as of March 31, 2022 of CHF 52.0 mn (prior year: CHF 11.5 mn).

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

in CHF '000	03/31/2022		03/31/2021	
	Inventories	Customers' advance payments	Inventories	Customers' advance payments
Gross amounts	266'444	236'738	190'435	131'677
Offsetting of customers' advance payments	74'082	74'082	39'404	39'404
Net amounts reported in the consolidated balance sheet	192'362	162'656	151'031	92'273

16. TRADE RECEIVABLES

in CHF '000	03/31/2022	03/31/2021
Trade receivables, gross	274'273	271'098
Allowance for bad debts	-15'290	-10'703
Trade receivables, net	258'983	260'395

in CHF 1'000	2021	2020
Allowance for bad debts		
Balance as per 04/01/2021 / 04/01/2020	-10'703	-8'911
Changes in the consolidation scope	-	-
Additions	-5'576	-2'288
Release	952	36
Utilization	261	934
Currency translation adjustments	-224	-474
Balance as per 03/31/2022 / 03/31/2021	-15'290	-10'703

The allowance for bad debts at the end of the 2021 and 2020 fiscal years was entirely related to accounts receivables which were more than 90 days overdue as per closing date.

in CHF 1'000	03/31/2022	%	03/31/2021	%
Maturity profile of trade receivables				
Not due	140'546	54.3	147'068	56.5
Overdue 1–30 days	23'464	9.1	20'165	7.7
Overdue 31–60 days	17'247	6.6	20'334	7.8
Overdue 61–90 days	12'409	4.8	9'957	3.8
Overdue more than 90 days	65'317	25.2	62'871	24.2
Balance as per 03/31/2022 / 03/31/2021	258'983	100.0	260'395	100.0

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

17. OTHER CURRENT RECEIVABLES

in CHF 1'000	03/31/2022	03/31/2021
Notes receivable	12'295	9'770
VAT receivables	7'483	6'151
Derivative financial instruments	3'330	1'067
Current tax assets	2'323	936
Other current receivables	39'746	39'057
Total other current receivables	65'177	56'981

Other current receivables include the outstanding government grants in connection with the relocation project of Shenyang Yuanda Compressor Co. Ltd in China (see note 13).



18. SHARE CAPITAL AND TREASURY SHARES

	03/31/2022	03/31/2021
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 1, 2022, the Board of Directors of Burckhardt Compression Holding AG will propose a dividend for the 2021 fiscal year of CHF 7.50 (prior year: CHF 6.50).

As of March 31, 2022, non-distributable reserves amounted to CHF 1.7 mn (prior year: CHF 1.7 mn).

	03/31/2022	03/31/2021
Number of treasury shares	9'343	9'634

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	03/31/2022	03/31/2021
Non-current financial liabilities	128'881	133'070
Current financial liabilities	28'925	24'726
Total financial liabilities	157'806	157'796

The average effective interest rate amounted to 1.3% in fiscal year 2021 (prior year: 2.0%).

Some credit agreements are subject to financial covenants such as a minimum equity ratio or net financial indebtedness to EBITDA. None of the credit lines which are subject to financial covenants were drawn as per March 31, 2022.

Currencies of Financial Liabilities

in CHF 1'000	03/31/2022	03/31/2021
Financial liabilities in CHF	134'988	112'850
Financial liabilities in USD	20'928	32'919
Financial liabilities in other currencies	1'890	12'027
Total financial liabilities	157'806	157'796

Maturities of Non-Current Financial Liabilities

in CHF 1'000	03/31/2022	03/31/2021
Due within 2 years	586	920
Due within 3 years	100'681	14'466
Due within 4 years	198	100'080
Due within 5 years	–	199
Due beyond 5 years	27'416	17'405
Total non-current financial liabilities	128'881	133'070

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	2021 Total	Employee-related	Warranties, penalties, unprofitable contracts	Other	2020 Total
Balance as per 04/01/2021 / 04/01/2020	11'508	26'426	3'118	41'052	8'072	24'792	1'773	34'637
Changes in the consolidation scope	–	195	–	195	–	2'006	–	2'006
Additions	1'537	14'470	1'031	17'038	4'497	5'943	3'317	13'757
Release	–664	–487	–236	–1'387	–197	–876	–553	–1'626
Utilization	–2'873	–9'185	–2'719	–14'777	–1'003	–5'664	–1'419	–8'086
Currency translation differences	–397	–349	17	–729	139	225	–	364
Balance as per 03/31/2022 / 03/31/2021	9'111	31'070	1'211	41'392	11'508	26'426	3'118	41'052
Thereof non-current	5'271	7'641	8	12'920	5'514	8'784	187	14'485
Thereof current	3'840	23'429	1'203	28'472	5'994	17'642	2'931	26'567

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	03/31/2022	03/31/2021
Notes payable	9'570	2'128
VAT payables	3'987	3'859
Derivative financial instruments	868	717
Current tax liabilities	8'349	5'612
Other current liabilities	13'357	61'501
Total other current liabilities	36'131	73'817

Other current liabilities mainly consist of various social securities payables as well as various taxes payables such as VAT or withholding taxes. In the previous year other current liabilities mainly consisted of deferred purchase price payments for Shenyang Yuanda Compressor Co. Ltd. and the compressor business of the Japan Steel Works Ltd. (see note 4).

23. ACCRUED LIABILITIES AND DEFERRED INCOME

in CHF 1'000	03/31/2022	03/31/2021
Contract-related liabilities	58'451	44'877
Vacation and overtime	4'011	3'179
Salary and bonus payments	14'262	11'176
Miscellaneous	8'129	6'833
Total accrued liabilities and deferred income	84'853	66'065

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	03/31/2022	03/31/2021
Contract value	167'506	125'932
Positive fair values	3'330	1'067
Negative fair values	868	717

25. CONTINGENT LIABILITIES

Guarantees

Burckhardt Compression guarantees essentially for securing customer advance payments and for eventual warranty claims from customers. Guarantees are issued by third-party banks or by Burckhardt Compression Holding AG.

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

As per March 31, 2022, Burckhardt Compression had issued guarantees in amount of CHF 238.8 mn (prior year: CHF 181.9 mn).

Other Contingent Liabilities

As of March 31, 2022, Burckhardt Compression does not have any other contingent liabilities.

26. COMMITMENTS

Operating Leases

in CHF '000	03/31/2022	03/31/2021
Operating leases due in less than 1 year	3'132	2'645
Operating leases due in 1 to 5 years	11'606	10'644
Operating leases due in more than 5 years	5'108	4'752
Total operating lease commitments	19'846	18'041

Purchase commitments

Purchase commitments for capital expenditure as of March 31, 2022 amounted to CHF 4.7 mn (prior year: CHF 4.4 mn).

27. PLEDGED ASSETS

As of March 31, 2022, Burckhardt Compression had pledged assets with a carrying amount of CHF 91.0 mn (prior year: CHF 143.2 mn) to secure mortgage loans and guarantees. The pledged assets consisted mainly of land and buildings, and to a lesser degree of inventories and trade receivables.

28. SHARE-BASED PAYMENTS

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

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

In 2020, participants of the long-term incentive plan were granted 26'982 shares at a fair value of CHF 230.50.

Personnel expenses in 2021 for share-based payments amounted to CHF 4.4 mn (prior year: CHF 3.9 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 2021 and 2020 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, 2021 amounted to 126.7% (SVE; prior year: 117.6%) and 127.2% (JJS; prior year: 115.8%). The technical interest rate used by both collective plans amounted to 1.5% (prior year: 2.0%).

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	
	03/31/2022	03/31/2021	2021	2021	2021	2021	2020
Pension plans with surplus	–	–	–	–	–8'408	–8'408	–8'119
Unfunded pension plans	–1'773	–2'104	181	150	–	181	–83
Total	–1'773	–2'104	181	150	–8'408	–8'227	–8'202

31. IMPACTS OF THE CONFLICT BETWEEN RUSSIA AND UKRAINE

As a consequence of the conflict between Russia and Ukraine, the Board of Directors and the Executive Management have decided not to accept any new orders from or for Russia effective March 14, 2022. For current projects, Burckhardt Compression strictly adheres to the applicable export control guidelines and to the applicable sanctions law.

As of March 31, 2022 it was evaluated whether and to what extent the ongoing projects would be affected by the sanctions in place at that time and to what extent any valuation adjustments would be necessary as a consequence in the financial statements as of that date. The clarifications confirmed that the majority of the ongoing projects were not subject to sanctions and therefore no valuation adjustments were necessary for them.

32. EVENTS AFTER THE BALANCE SHEET DATE

On April 27, 2022, further sanctions against Russia were imposed and published by the European Union (EU) which will likely affect some backlog orders from or for Russia with a possible negative financial impact at EBIT-level of around CHF 5–7 mn for the financial year 2022, if such sanctions are upheld.

33. GROUP COMPANIES AND ASSOCIATES

Company	Registered office	Registered capital	Interest in capital	Research & development	Manufacturing & engineering	Contracting	Sales	Service
Burckhardt Compression AG ¹	Winterthur, Switzerland	CHF 2'000'000	100%	•	•	•	•	•
Burckhardt Compression Immobilien AG ¹	Winterthur, Switzerland	CHF 5'000'000	100%					
Burckhardt Compression (Deutschland) GmbH	Neuss, Germany	EUR 30'000	100%				•	•
Burckhardt Compression (Italia) S.r.l.	Milan, Italy	EUR 400'000	100%			•	•	•
Burckhardt Compression (France) S.A.S.	Cergy Saint Christophe, France	EUR 300'000	100%				•	•
Burckhardt Compression (España) S.A.	Madrid, Spain	EUR 550'000	100%				•	•
Burckhardt Compression (UK) Ltd.	Bicester, United Kingdom	GBP 250'000	100%				•	•
Burckhardt Compression (US) Inc.	Houston, USA	USD 18'250'000	100%		•	•	•	
Burckhardt Compression (Canada) Inc.	Mississauga, Canada	CAD 200'000	100%			•	•	•
Burckhardt Compression (Japan) Ltd.	Tokyo, Japan	JPY 50'000'000	100%				•	•
Burckhardt Compression (Shanghai) Co. Ltd.	Shanghai, China	CNY 14'238'000	100%		•	•	•	•
Burckhardt Compression (India) Private Ltd.	Pune, India	INR 331'140'000	100%	•	•	•	•	•
Burckhardt Compression (Brasil) Ltda.	São Paulo, Brazil	BRL 5'818'000	100%				•	•
Burckhardt Compression (Middle East) FZE	Dubai, United Arab Emirates	AED 2'000'000	100%				•	•
Burckhardt Compression Korea Ltd.	Seoul, South Korea	KRW 250'000'000	100%				•	•
Burckhardt Kompresör San. ve Tic. Ltd.	Istanbul, Turkey	TRY 800'000	100%				•	•
Burckhardt Compression Singapore Pte Ltd.	Singapore, Singapore	SGD 700'000	100%				•	•
Burckhardt Compression South Africa (Pty) Ltd.	Sunnyrock, South Africa	ZAR 3'000'000	100%				•	•
Burckhardt Compression Korea Busan Ltd.	Busan, South Korea	KRW 7'000'000'000	100%		•	•	•	
Burckhardt Compression (Saudi Arabia) LLC	Dammam, Saudi Arabia	SAR 1'000'000	100%				•	•
Burckhardt Compression North America Service LLC	Wilmington, USA	USD 1'800'000	100%					
CSM Compressor Inc.	Edmonton, Canada	CAD 10'000	100%				•	•



Company	Registered office	Registered capital	Interest in capital	Research & development	Manufacturing & engineering	Contracting	Sales	Service
Burckhardt Compression (Netherlands) BV	Rotterdam, Netherlands	EUR 18'000	100%		•		•	•
Burckhardt Compression (Sweden) AB	Landvetter, Sweden	SEK 100'000	100%				•	•
Shenyang Yuanda Compressor Co. Ltd. ¹	Shenyang, China	CNY 100'000'000	100%	•	•	•	•	•
Liaoning Yuanyu Industrial Machinery Co. Ltd.	Kaiyuan, China	CNY 39'000'000	100%	•	•			
Shenyang Yuanda Compressor Automatic Control System Co. Ltd.	Shenyang, China	CNY 5'000'000	60%			•	•	•
Compressor Tech Holding AG ¹	Zug, Switzerland	CHF 200'000	100%					
PROGNOST Systems GmbH	Rheine, Germany	EUR 200'000	100%	•	•	•	•	•
PROGNOST Systems Inc.	Houston, USA	USD 240'000	100%		•		•	•
PROGNOST Machinery Diagnostics Equipment and Services LLC	Abu Dhabi, United Arab Emirates	AED 300'000	100%				•	•
Société d'Application du Métal Rouge SAS	Pont Sainte Marie Cedex, France	EUR 501'000	100%	•	•		•	•
Arkos Group LLC	Houston, USA	USD 11'752'000	100%					
Arkos Field Services, LP	Houston, USA	–	100%	•	•	•	•	•
Arkos Realty & Investments, LP	Houston, USA	–	100%					

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

Report of the statutory auditor

to the General Meeting of Burckhardt Compression Holding AG

Winterthur

Report on the audit of the Financial Report (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 2022, the Consolidated balance sheet as at 31 March 2022, Consolidated cash flow statement and 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 90 to 117) give a true and fair view of the consolidated financial position of the Group as at 31 March 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

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

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

Our audit approach

Overview



Overall Group materiality: CHF 3'250'000

We concluded full scope audit work and audits of selected account balances at five reporting units in three countries. Our audit scope addressed over 64% 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 3'250'000
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 325'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

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

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

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

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

Accounting for work in progress of the systems division

Key audit matter	How our audit addressed the key audit matter
<p>Burckhardt Compression Group has projects in the systems division, which are accounted for as work in progress in accordance with Swiss GAAP FER. As at 31 March 2022, work in progress in the amount of CHF 82.9 million (mainly related to systems division projects) was recognised in the balance sheet.</p> <p>Management estimates the costs to be incurred until their completion, possible penalties as well as net realisable value. This involves significant scope for judgement and an incorrect estimate could have a significant impact on the result for the period.</p>	<p>Our audit procedures regarding the accounting for work in progress of systems division projects included in particular the following:</p> <ul style="list-style-type: none"> We assessed the design and the existence of the key controls regarding the systems division projects and tested the effectiveness of selected controls. We selected a sample of systems division projects, based on the contract volumes, the contribution margin and changes in the margin compared to the planning phase, and focused our testing on the following:

Please refer to page 96 (Accounting policies – Inventories) and page 109 (Inventories) in the Notes to the Consolidated Financial Statements.

- 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 presented appropriately in the consolidated financial statements.
- During the audit, we conducted onsite inspections of various compressors still under construction.
- For the systems division projects completed during the year under review, we compared various final parameters with the estimates made in the planning phase in order to assess, with hindsight, the accuracy of the estimates made by Management.

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

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

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

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

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



Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Sandra Böhm Uglow
Audit expert
Auditor in charge

Oliver Illa
Audit expert

Winterthur, 2 June 2022

Financial Statements of Burckhardt Compression Holding AG, Winterthur

Balance sheet

in CHF '000	Notes	03/31/2022	03/31/2021
Current assets			
Cash and cash equivalents		521	275
Other current receivables due from third parties		19	17
Other current receivables due from group companies		85	85
Total current assets		625	377
Non-current assets			
Financial assets			
Long-term loans to group companies		36'189	104'020
Investments in subsidiaries	102	273'681	273'681
Total non-current assets		309'870	377'701
Total assets		310'495	378'078
Current liabilities			
Trade payables due to third parties		3	2
Other current liabilities due to third parties		10	8
Accrued liabilities and deferred income		944	2'612
Current provisions		–	121
Deferred payments		–	49'756
Short-term loans from group companies		3'724	1'089
Total current liabilities		4'681	53'588
Non-current liabilities			
Loans third parties		100'000	100'000
Total Non-current liabilities		100'000	100'000
Equity			
Share capital	103	8'500	8'500
Legal reserves from retained earnings		1'700	1'700
Free reserves from retained earnings			
Profit brought forward		194'408	179'210
Net income		3'342	37'286
Treasury shares	104	–2'136	–2'206
Total equity		205'814	224'490
Total equity and liabilities		310'495	378'078

Income statement

in CHF '000	2021	2020
Income		
Dividend income from group companies	5'128	39'182
Interest income from group companies	856	922
Income from services provided to group companies	192	192
Other operating income	3'807	–
Total income	9'983	40'296
Expenses		
Operating expenses	–1'552	–2'026
Other operating expenses	–3'090	–
Financial expenses	–1'563	–802
Direct Taxes	–436	–182
Total expenses	–6'641	–3'010
Net income	3'342	37'286

Notes to the financial statements

101 ACCOUNTING POLICIES

The financial statements as per March 31, 2022 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 the values in the annual financial statements are reported in thousand Swiss Francs unless otherwise indicated.

Burckhardt Compression Holding AG's fiscal year 2021 comprises the period from April 1, 2021 to March 31, 2022.

102 SUBSIDIARIES

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

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/her 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 rights. 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, 2022, 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, 2022 (according to the statutory bylaws the voting rights of NN Group N.V. and UBS Fund Management (Switzerland) AG are limited to 5% of the total number of the registered BCHN shares recorded in the commercial register):

Shareholders

Name	Country	03/31/2022	03/31/2021
		% of shares	% of shares
MBO shareholder pool (Valentin Vogt, Harry Otz, Leonhard Keller, Martin Heller, Ursula Heller, Marcel Pawliczek)	CH	12.40	12.40
NN Group N.V.	NL	9.86	10.31
UBS Fund Management (Switzerland) AG	CH	5.02	3.01
BlackRock, Inc.	US	3.07	3.04
Atlantic Value General Partner Limited (Mondrian)	GB	< 3.0	5.03
FEDERATED HERMES INC.	US	< 3.0	3.01



Detailed overview of shareholdings

As of March 31, 2022, the members of the Executive Board and the Board of Directors (and related persons) owned the following numbers of shares of Burckhardt Compression Holding AG:

Shareholders

		31/03/2022	31/03/2021
		Total shares	Total shares
Members of the Management of Directors			
Ton Büchner	Chairman	5'098	5'000
Urs Leinhäuser	Member	1'758	1'714
Dr. Monika Krüsi	Member	1'163	1'119
Dr. Stephan Bross	Member	393	349
David Dean	Member	452	408
Total		8'864	8'590
Executive Board			
Marcel Pawlicek	CEO	37'737	41'937
Rolf Brändli	CFO	1'223	2'423
Sandra Pitt ¹	CHRO	n/a	908
Fabrice Billard	President Systems Division	1'300	1'300
Rainer Dübi	President Services Division	824	824
Total		41'084	47'392
Total Board of Directors and Executive Management		49'948	55'982
As a % of all outstanding shares		1.5%	1.7%

¹until 31. December 2021

104 TREASURY SHARES

in CHF 1'000	2021	2020
Number at the beginning of the period	9'634	21'616
Purchases	0	15'000
Sales	-291	-26'982
Number at the end of the period	9'343	9'634

The average selling price amounted to CHF 228.56 (2020: CHF 228.57)

**105 FURTHER DISCLOSURES PURSUANT TO ARTICLE 959C
PAR. 2 OF THE SWISS CODE OF OBLIGATIONS:**

Full-time employees

Burckhardt Compression Holding AG does not employ any employees.

Liabilities to pension funds

in CHF 1'000	03/31/2022	03/31/2021
Total liabilities to pension funds	0	0

Net release of undisclosed reserves

in CHF 1'000	03/31/2022	03/31/2021
Net release of undisclosed reserves	0	0

Derivative financial instruments

in CHF 1'000	03/31/2022	03/31/2021
Forward foreign exchange contracts (negative current fair value on cash flow hedge)	0	0

Guarantees

in CHF 1'000	03/31/2022	03/31/2021
Guarantees	25'605	9'962

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.



Remuneration of the Board of Directors and the Executive Management

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 80 to 87.

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 '000	2021	2020
Retained earnings at the beginning of the period	216'446	199'340
Distributed dividend	-22'038	-20'180
Net income of the year	3'342	37'286
Total	197'749	216'446
The Board of Directors proposes the following appropriation		
Gross dividend	-25'500	-22'100
Retained earnings carried forward	172'249	194'346

The Board of Directors will propose payment of a gross dividend of CHF 7.50 per registered share at the Annual General Meeting of Shareholders on July 1, 2022.

	2021	2020	2019
Gross dividend	7.50	6.50	6.00
Less 35% withholding tax	-2.60	-2.30	-2.10
Net dividend	4.90	4.20	3.90

Report of the statutory auditor

to the General Meeting of Burckhardt Compression Holding AG

Winterthur

Report on the audit of the financial statements of Burckhardt Compression Holding AG, Winterthur (financial statements)

Opinion

We have audited the financial statements of Burckhardt Compression Holding AG, which comprise the balance sheet as at 31 March 2022, income statement and notes to the financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 122 to 127) as at 31 March 2022 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

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

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

Our audit approach

Overview



Overall materiality: CHF 1'500'000

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 entity, the accounting processes and controls, and the industry in which the entity operates.

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

Impairment testing of investments in subsidiaries

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

Overall materiality	CHF 1'500'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is a relevant and generally accepted benchmark for holding companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 150'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

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

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

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

Impairment testing of investments in subsidiaries

Key audit matter	How our audit addressed the key audit matter
<p>Investments in subsidiaries is a significant asset category on the balance sheet (CHF 273.7 million). Impairment testing of investments whose book value is greater than the book value of the underlying net assets requires Management to consider the capitalised earnings method or the discounted cash flow (DCF) method.</p> <p>Doing so involves significant scope for judgement, particularly to determine the assumptions to use concerning future business results.</p> <p>In identifying the potential need for impairment of investments in subsidiaries, Management uses a predefined impairment testing process.</p> <p>Please refer to page 124 (Subsidiaries) in the notes to the financial statements.</p>	<p>In our audit of investments in subsidiaries, we performed the following main audit procedures:</p> <ul style="list-style-type: none"> We compared the book value of the investments in the year under review with the pro-rata share of the respective company's equity or the company's valuation, based on an acceptable valuation method. We assessed the plausibility of the key assumptions applied by Management (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 2022.</p>

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines

is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Sandra Böhm Uglow
Audit expert
Auditor in charge

Oliver Illa
Audit expert

Winterthur, 2 June 2022

GLOSSARY

We use abbreviations frequently in our daily work, so much so that we often don't even notice them anymore. Here is a brief glossary of the most common abbreviations.

LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LDPE	Low-density polyethylene, soft polyethylene with high chemical resistance, good electrical insulation properties and good sliding behavior
EVA	Ethylene vinyl acetate, plastic with high heat and good aging resistance
ME-GI	dual propulsion system for ships from MAN
X-DF	dual propulsion system for ships from Win GD
Boil-Off-Gas	Liquid gas that heats up and turns back into gas
OEM	Original equipment manufacturer
MPR	Mid-range Plan

Burckhardt Compression AG

The statements in this review relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks and uncertainties, including but not limited to: future global economic conditions, foreign exchange rates, regulatory rules, market conditions, the actions of competitors, and other factors beyond the control of the company.

The Annual Report is published in German and English and is available on the internet under www.burckhardtcompression.com/financial-reports. The English version is binding. The financial report is available in English only.



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