

# Financial Report

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

## Comments on financial report summary

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

## Sales and gross profit

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

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

## Operating income

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

## Financial income and tax expenses

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

## Net income

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

## Balance sheet

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

## Cash flow

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

# Consolidated income statement

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

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

# Consolidated balance sheet

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

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

# Consolidated cash flow statement

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

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
<b>Balance at 04/01/2021</b>	<b>8'500</b>	<b>486</b>	<b>-2'206</b>	<b>-242</b>	<b>-3'129</b>	<b>-146'707</b>	<b>362'402</b>	<b>219'104</b>	<b>499</b>	<b>219'603</b>
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 <sup>1</sup>						-9'298		-9'298		-9'298
<b>Balance at 03/31/2022</b>	<b>8'500</b>	<b>525</b>	<b>-2'136</b>	<b>1'594</b>	<b>-5'034</b>	<b>-156'005</b>	<b>394'895</b>	<b>242'339</b>	<b>550</b>	<b>242'889</b>
<b>Balance at 04/01/2022</b>	<b>8'500</b>	<b>525</b>	<b>-2'136</b>	<b>1'594</b>	<b>-5'034</b>	<b>-156'005</b>	<b>394'895</b>	<b>242'339</b>	<b>550</b>	<b>242'889</b>
Result for the period							69'942	69'942	59	70'001
Currency translation differences					-17'644			-17'644	-43	-17'687
Changes of cash flow hedges				1'384				1'384		1'384
Dividends paid							-25'430	-25'430	-167	-25'597
Changes in treasury shares			-13'695					-13'695		-13'695
Share-based payments (distributed)		49	59				-108			
Share-based payments (provision in equity)							4'288	4'288		4'288
<b>Balance at 03/31/2023</b>	<b>8'500</b>	<b>574</b>	<b>-15'772</b>	<b>2'978</b>	<b>-22'678</b>	<b>-156'005</b>	<b>443'587</b>	<b>261'184</b>	<b>399</b>	<b>261'583</b>

<sup>1</sup> See note 4 "Business Combinations and Other Changes in the Scope of Consolidation"

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

# Notes to the consolidated financial statements

## 1. General information

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

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

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

## 2. Accounting policies

### 2.1 Basis of preparation

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

### 2.2 Use of judgments and estimates

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

### 2.3 Principles of consolidation

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

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

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

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

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## 2.4 Foreign currency translation

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

### Foreign currency translation at company level

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

### Foreign currency translation for consolidation purposes

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

### Major foreign currency exchange rates

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

## 2.5 Impairment of assets

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

## 2.6 Intangible assets and goodwill

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

## 2.7 Property, plant and equipment

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

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



## 2.8 Other assets

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

## 2.9 Inventories

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

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

## 2.10 Trade and other current receivables

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

## 2.11 Cash and cash equivalents

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

## 2.12 Financial liabilities

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

## 2.13 Provisions

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

## 2.14 Treasury shares

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

## 2.15 Transactions with non-controlling interests

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

## 2.16 Government grants

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

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

## 2.17 Derivative financial instruments

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

## 2.18 Revenue recognition

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

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

## 2.19 Research and development

Research and development costs are expensed as incurred.

## 2.20 Income taxes

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

## 2.21 Off-balance-sheet transactions

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

## 2.22 Share-based payments

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

## 2.23 Employee benefits

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

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

## 2.24 Alternative performance measures

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

## 3. Financial risk management

### Basic principles

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

### Liquidity risks

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

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

### Currency risks

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

### Credit risks

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

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

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

## Interest rate risks

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

## Capital risks

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

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

### Shenyang Yuanda Compressor Co. Ltd. (China)

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

### Mark van Schaick BV (Netherlands)

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

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

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

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

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## The Japan Steel Works Ltd. (Japan)

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

## 5. Segment reporting

### Systems Division

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

### Services Division

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

### Others

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

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

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## Geographic information

in CHF 1'000

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

in CHF 1'000

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

## 6. Personnel expenses

in CHF 1'000

	2022	2021
Wages and salaries	-197'875	-173'249
Social security and pension expenses	-41'572	-34'758
Other personnel expenses	-24'589	-19'597
<b>Total personnel expenses</b>	<b>-264'036</b>	<b>-227'604</b>

## 7. Research and development expenses

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

## 8. Other operating income and expenses

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

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

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

## 9. Financial income and expenses

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

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

## 10. Income taxes

### Income tax expenses

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

### Reconciliation of income tax expenses

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

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

### Current income taxes

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



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## Deferred income taxes

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

## Tax loss carry forwards

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

## 11. Earnings per share

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

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

## 12. Intangible assets

### Acquisition costs

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

### Accumulated amortization

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

### Net book value

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

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

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## Goodwill

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

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

## 13. Property, plant & equipment

### Acquisition costs

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

### Accumulated depreciation

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

### Net book value

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

## 14. Other assets

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

## 15. Inventories

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

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

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

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

## 16. Trade receivables

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

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

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

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

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

## 17. Other current receivables

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

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

## 18. Share capital and treasury shares

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

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

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

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

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

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

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

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

## 19. Financial liabilities

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

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

### Currencies of financial liabilities

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

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## Maturities of non-current financial liabilities

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

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

## 20. Provisions

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

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

## 21. Other non-current liabilities

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



## 22. Other current liabilities

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

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

## 23. Accrued liabilities and deferred income

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

## 24. Derivative financial Instruments

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

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

## 25. Contingent liabilities

### Guarantees

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

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

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

### Other contingent liabilities

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

## 26. Commitments

### Operating leases

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

### Purchase commitments

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

## 27. Pledged assets

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

## 28. Share-based payments

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

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

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

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

## 29. Related party transactions

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

## 30. Employee benefit obligations

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

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

## Financial Report

### Employer contribution reserves

Burckhardt Compression does not have any employer contribution reserves.

### Economic benefits/economic obligations and pension benefit expenses

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

### 31. Events after the balance sheet date

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

## 32. Group companies and associates

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

# Financial Report

Company	Registered office	Registered capital	Interest in capital	Research & development	Manufacturing & engineering	Contracting	Sales	Service
Burckhardt Compression (Sweden) AB	Landvetter, Sweden	SEK 100'000	100%				.	.
Burckhardt Compression (Thailand) Co. Ltd.	Rayong, Thailand	THB 5'000'000	100%				.	.
Shenyang Yuanda Compressor Co. Ltd. <sup>1</sup>	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 <sup>1</sup>	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%					

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

# Report of the statutory auditor

## to the General Meeting of Burckhardt Compression Holding AG

### Winterthur

#### Report on the audit of the consolidated financial statements

##### Opinion

We have audited the consolidated financial statements of Burckhardt Compression Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement for the year ended 31 March 2023, the consolidated balance sheet as at 31 March 2023, the consolidated cash flow statement, the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 98 to 125) give a true and fair view of the consolidated financial position of the Group as at 31 March 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

##### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

##### Our audit approach

###### Overview



Overall Group materiality: CHF 4'250'000

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

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

Accounting for work in progress of the systems division

##### Materiality

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

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

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

<b>Overall Group materiality</b>	CHF 4'250'000
<b>Benchmark applied</b>	Earnings before taxes
<b>Rationale for the materiality benchmark applied</b>	We chose earnings before taxes as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 425'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

### Audit scope

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

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

### Key audit matters

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

### Accounting for work in progress of the systems division

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



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

planning phase, and focused our testing on the following:

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

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

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### Other information

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

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

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

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

### Board of Directors' responsibilities for the consolidated financial statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

## Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG



Sandra Boehm Uglow  
Licensed audit expert  
Auditor in charge



Kevin Mueller  
Licensed audit expert

Winterthur, 5 June 2023

# Financial Statements of Burckhardt Compression Holding AG, Winterthur

## Balance sheet

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

## Income statement

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

## Notes to the financial statements of Burckhardt Compression Holding AG

### 101 Accounting policies

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

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

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

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

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

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

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

## 102 Subsidiaries

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

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

## 103 Share capital and shareholders

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

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

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

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

Shareholder groups which had existed before June 23, 2006 are excluded from the voting rights restrictions.

According to information available to the company from the disclosure notifications of the SIX Exchange Regulation Ltd., the following shareholders reported shareholdings of at least 3% of the share capital and voting rights as of March 31, 2023 (according to the statutory bylaws the voting rights of NN Group N.V., The Goldman Sachs Group Inc and UBS Fund Management (Switzerland) AG are limited to 5% of the total number of the registered BCHN shares recorded in the commercial register):

### Shareholders

Name	Country	31.03.2023	31.03.2022
		% of shares	% of shares
MBO shareholder pool (Valentin Vogt, Daniela Vogt Harry Otz, Leonhard Keller, Martin Heller, Ursula Heller, Marcel Pawlicek)	CH	12.40	12.40
NN Group N.V. <sup>1</sup>	NL	9.86	9.86
The Goldman Sachs Group, Inc <sup>2</sup>	US	7.37	<3.0
UBS Fund Management (Switzerland) AG	CH	5.02	5.02
BlackRock, Inc.	US	3.07	3.07

<sup>1</sup>According to the notification to the Disclosure Office of SIX Exchange Regulation Ltd. published on November 19, 2021.

<sup>2</sup>According to the notification to the Disclosure Office of SIX Exchange Regulation Ltd. published on June 24, 2022, with the following remark: "This notification is being made because The Goldman Sachs Group, Inc. ("GS Group") has acquired control of NN Investment Partners Holdings N.V. ("NNIP") and NNIP has a discretionary asset management mandate with respect to BCHN shares which are owned by NN Group N.V."

# Financial Report

## Detailed overview of shareholdings

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

### Shareholders

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

<sup>1</sup> From July 2, 2022

<sup>2</sup> From April 1, 2022 appointed CEO. Previously, President Systems Division

<sup>3</sup> Until March 31, 2022 former CEO in office

<sup>4</sup> From June 1, 2022

<sup>5</sup> From October 1, 2022

## 104 Treasury shares

in CHF '000	2022	2021
Number at the beginning of the period	9'343	9'634
Purchases	24'327	–
Sales	–257	–291
Number at the end of the period	33'413	9'343

The average selling price did amount to CHF 228.56 (2021: CHF 228.56)

## 105 Further disclosures pursuant to Article 959c par. 2 of the Swiss Code of Obligations:

### Full-time employees

Burckhardt Compression Holding AG does not employ any employees.

### Liabilities to pension funds

in CHF '000	<b>31.03.2023</b>	<b>31.03.2022</b>
Total liabilities to pension funds	0	0

### Net release of undisclosed reserves

in CHF '000	<b>31.03.2023</b>	<b>31.03.2022</b>
Net release of undisclosed reserves	0	0

### Guarantees

in CHF '000	<b>31.03.2023</b>	<b>31.03.2022</b>
Guarantees	28'399	25'605

Burckhardt Compression Holding AG issues advance payment guarantees and performance bonds in the name of Burckhardt Compression AG and in favor of a small number of selected customers.

The credit lines and guarantee facilities extended to Burckhardt Compression AG by financial institutions do not require any assets or shares of Burckhardt Compression Holding AG to be pledged as collateral.



# Financial Report

## Remuneration of the Board of Directors and the Executive Board

Type and amount of remuneration of the members of the Board of Directors and the Executive Board as well as the principles and basic elements of the company's compensation policy are depicted and explained in the compensation report on pages 84 to 92.

## Events after the balance sheet date

There were no additional events after the balance sheet date which affect the annual results or would require an adjustment to the carrying amounts of Burckhardt Compression Holding AG's assets and liabilities.

## Proposal by the Board of Directors for the appropriation of retained earnings

in CHF '000	2022	2021
Retained earnings at the beginning of the period	197'749	216'446
Distributed dividend	-25'430	-22'038
Net income of the year	21'577	3'342
<b>Retained earnings at the disposal of the Annual General Meeting</b>	<b>193'896</b>	<b>197'749</b>
<b>The Board of Directors proposes the following appropriation</b>		
Gross dividend	-40'800	-25'500
<b>Retained earnings carried forward</b>	<b>153'096</b>	<b>172'249</b>

The Board of Directors will propose payment of a gross dividend of CHF 12.00 per registered share at the Annual General Meeting of Shareholders on July 1, 2023.

	2022	2021	2020
Gross dividend	12.0	7.5	6.5
Less 35% withholding tax	-4.2	-2.6	-2.3
<b>Net dividend</b>	<b>7.8</b>	<b>4.9</b>	<b>4.2</b>

# Report of the statutory auditor

## to the General Meeting of Burckhardt Compression Holding AG

### Winterthur

#### Report on the audit of the financial statements

##### Opinion

We have audited the financial statements of Burckhardt Compression Holding AG (the Company), which comprise the balance sheet as at 31 March 2023, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 131 to 136) comply with Swiss law and the Company's articles of incorporation.

##### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

##### Our audit approach

###### Overview



Overall materiality: CHF 2'900'000

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

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

Impairment testing of investments in subsidiaries

##### Materiality

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

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

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

<b>Overall materiality</b>	CHF 2'900'000
<b>Benchmark applied</b>	Total assets
<b>Rationale for the materiality benchmark applied</b>	We chose total assets as the benchmark because, in our view, it is a relevant and generally accepted benchmark for holding companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 290'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

### Audit scope

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

### Key audit matters

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

### Impairment testing of investments in subsidiaries

Key audit matter	How our audit addressed the key audit matter
<p>Investments in subsidiaries is a significant asset category on the balance sheet (CHF 253.7 million). Impairment testing of investments whose book value is greater than the book value of the underlying net assets requires Management to consider the capitalised earnings method or the discounted cash flow (DCF) method.</p> <p>Doing so involves significant scope for judgement, particularly to determine the assumptions to use concerning future business results.</p> <p>In identifying the potential need for impairment of investments in subsidiaries, Management uses a predefined impairment testing process.</p> <p>Please refer to page 133 (Subsidiaries) in the notes to the financial statements.</p>	<p>In our audit of investments in subsidiaries, we performed the following main audit procedures:</p> <ul style="list-style-type: none"> <li>We compared the book value of the investments in the year under review with their pro-rata share of the respective company's equity or the company's valuation, based on an acceptable valuation method.</li> <li>We checked the key assumptions applied by Management for reasonableness (revenue and margin growth, discount rate and long-term growth).</li> </ul> <p>We consider the valuation process and the assumptions used to be an appropriate and adequate basis for the impairment testing of the investments in subsidiaries as at 31 March 2023.</p>

## Other information

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

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

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

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

## Board of Directors' responsibilities for the financial statements

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

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

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

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

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

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

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

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

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

## Report on other legal and regulatory requirements

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

We further confirm that the proposal by the Board of Directors for the appropriation of retained earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Sandra Boehm Uglow  
Licensed audit expert  
Auditor in charge



Kevin Mueller  
Licensed audit expert

Winterthur, 5 June 2023