PALFINGER
The most important developments and insights 2024

PALFINGER

ANNUAL— REPORT 2024

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COMPANIES OF THE PALFINGER GROUP (ORGANIZATIONAL CHART)
GENERAL INFORMATION
FINANCIAL CALENDAR 2025

KEY FIGURES OF THE PALFINGER GROUP

EUR thousand	2020	2021	2022	2023	2024
Income statement					
Revenue	1,533,864	1,841,533	2,226,241	2,445,852	2,359,843
EBITDA	188,664	243,702	229,555	302,873	277,045
EBITDA margin	12.3%	13.2%	10.3%	12.4%	11.7%
EBIT	100,288	155,023	150,399	210,195	185,628
EBIT margin	6.5%	8.4%	6.8%	8.6%	7.9%
Earnings before income tax	85,095	143,602	133,682	173,370	141,967
Consolidated net result	49,789	86,563	71,372	107,673	100,018
Balance sheet					
Net working capital (average)	348,278	361,991	423,408	489,540	485,581
Capital employed (average)	1,084,139	1,051,982	1,187,463	1,334,080	1,400,592
Equity	616,449	613,857	674,873	715,517	753,067
Equity ratio	39.6%	36.3%	34.5%	34.7%	35.3%
Net debt	397,088	476,569	609,627	668,083	662,419
Gearing	64.4%	77.6%	90.3%	93.4%	88.0%
Cash flows and investments					
Cash flows from operating activities	224,669	87,408	46,148	186,661	228,003
Free cash flow	173,319	(42,097)	(29,443)	46,521	119,520
Net investments[1)]	68,171	121,820	129,038	173,539	155,783
Depreciation, amortization and impairment	88,376	88,679	79,156	92,678	91,417
Value creation					
ROCE	6.9%	11.2%	9.4%	11.5%	10.3%
ROE	10.1%	17.6%	15.4%	18.1%	15.1%
EVA	10,776	51,623	45,492	74,288	65,810
WACC	5.9%	6.3%	5.6%	6.0%	5.6%
Employees					
Number of employees[2)]	10,824	11,733	12,210	12,728	12,358
Percentage of women[5)]	13.7%	13.3%	13.6%	12.9%	13.2%
Employee turnover[5)]	14.7%	17.1%	16.5%	15.5%	15.4%
Environment					
CO2 emissions from production in tonnes[6)]	35,564	37,392	37,155	36,695	30,250
Direct emissions from combustibles and fuels (Scope 1)	18,419	20,160	18,850	19,019	18,885
Indirect emissions from electricity and purchased energy sources (Scope 2)[6)]	17,145	17,232	18,305	17,676	11,365
Share					
Market capitalization[4)]	973,665	1,293,208	889,081	947,350	739,835
Price as at year-end (EUR)	25.90	34.40	23.65	25.20	19.68
Earnings per share (EUR)	1.32	2.31	2.05	3.10	2.88
Dividend per share (EUR)	0.45	0.77	0.77	1.05	0.90[3)]

1) Including additions from leases (IFRS 16).
2) Reporting date figures of consolidated Group companies without equity investments and without contingent workers.
3) Proposal to the Annual General Meeting.
4) Calculation based on total number of shares.
5) Exclusive CIS region
6) Retrospective correction (non financial report E1-6)

AT A GLANCE

Headquarter
in Bergheim near Salzburg, Austria

1932
founded as a family business

Best service network & optimal solutions
Technology & innovation leader in its industry

Stock exchange
On the stock exchange since 1999

88 companies

12,358 employees

34 countries

30 production & assembly locations

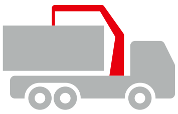
SALES AND SERVICE NETWORK

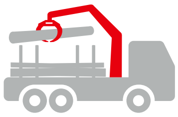
>130 countries

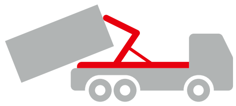
≈ 200 independent general importers

EUR 2,359.8 million in revenue

PRODUCT SOLUTIONS

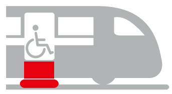

LOADER CRANES

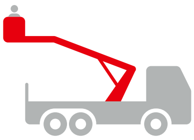

TIMBER/RECYCLING CRANES

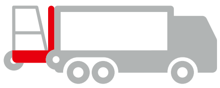

HOOK LIFTS AND SKIP LOADERS


TAIL LIFTS


TURNKEY SOLUTIONS

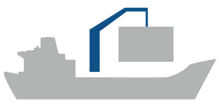

PASSENGER SYSTEMS

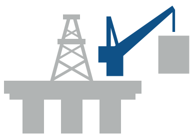

AERIAL WORK PLATFORMS

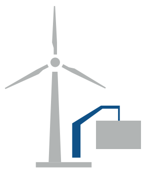

TRUCK-MOUNTED FORKLIFTS


RAILWAY SYSTEMS


DIGITAL SOLUTIONS


MARINE CRANES


OFFSHORE CRANES


WIND TURBINE CRANES


DAVITS


BOATS


WINCHES

SIGNIFICANT EVENTS 2024

NEW BOARD MEMBER

As of January 8, Maria Koller has taken over as Chief Human Resources Officer (CHRO) on the executive board, overseeing HR and legal affairs. Her key areas of focus include employee development, training and education, and change management.

PRODUCTION NETWORK

As part of the expansion of its European production network, PALFINGER inaugurated its newly expanded aerial work platform plant in Löbau, Germany, in early 2024. In the summer, partial operations began at the new site in Niš, Serbia, and in December, a memorandum of understanding was signed for the establishment of a second manufacturing site in Slovenia.

25 YEARS ON THE STOCK MARKET & CAPITAL MARKETS DAY

June 4 marked the 25th anniversary of PALFINGER's initial public offering (IPO). Going public significantly expanded the company's financial base and helped achieve strategic goals. Since the IPO in 1999, PALFINGER's stock price has more than quadrupled. The company also took new approaches at the Capital Markets Day in December 2024, fostering deeper engagement with investors and analysts through smaller, focused discussion groups.

EVENT WEEK & TRADE FAIRS

In June, Salzburg, Austria, hosted PALFINGER's Event Week. Under the theme "Building Our Way Forward," the company held its largest-ever Global Sales Conference, welcoming over 300 participants from 60 countries. Additionally, PALFINGER used leading trade fairs such as IAA Transportation in Hannover and Shipbuilding, Machinery & Marine Technology in Hamburg (both in Germany) to showcase new product innovations and strengthen direct customer relationships.

MAJOR MARINE CONTRACTS

In 2024, PALFINGER Marine secured several large and high-profile contracts. In the offshore wind sector, the company is supplying cranes and rescue equipment for RWE's North Sea cluster substations. PALFINGER is also equipping the Singapore Navy's new multipurpose vessels with slipway systems. Furthermore, in collaboration with its partner RelyOn, PALFINGER Marine has introduced the world's first virtual training simulator for complex offshore wind scenarios.

LETTER FROM THE EXECUTIVE BOARD

DEAR READERS,

as anticipated, the year 2024 was filled with challenges. However, it was also a year where optimizing working capital, fostering cross-country and cross-functional collaboration, stringent investment management, and targeted cost reductions proved to be a successful combination of measures. Our value creation principle, “local for local,” which we adhere to in both production and our supply chains, also demonstrated its effectiveness. Based on this foundation, PALFINGER recorded sales of EUR 2.36 billion, an EBIT of EUR 185.6 million and an EBIT margin of 7.9 percent, as well as a free cash flow of EUR 119.5 million.

— The strong resilience reflected in our 2024 results is the result of a long-term strategy. Since 2020, we have used market volatility and disruptions as an opportunity to make our global organization even more efficient and robust. Given the current geopolitical landscape, our previously mentioned global value creation strategy has proven to be a key success factor. Our local presence allows us to maximize competitive advantages in different regions. As a result, the NAM region was able to partially offset weaknesses in the European core markets. The same applies to the marine sector, which saw strong business growth driven by rising global demand in the offshore business.

— Forward-looking planning also extends to our European production network. By strategically leveraging the benefits of best-cost locations and optimizing collaboration between our plants, we can gain a competitive edge. This approach includes the new production site in Niš, Serbia, and the investment in a second facility in Slovenia.

— The year 2024 was also defined by our strong customer focus, which we reinforced through our presence at major industry events such as the IAA Transportation in Hanover and the Shipbuilding, Machinery & Marine Technology trade fair in Hamburg, both in Germany, as well as other key exhibitions. A special highlight was Event Week in June in Salzburg, Austria. Alongside the Global Sales and Service Conference and Supplier Day, PALFINGER also welcomed employees, students, and other interested parties under the motto “Building Our Way Forward”, offering valuable insights into the future of our company.

— A stabilization of global volatility is still not in sight, but there are already signs of recovery in the European core markets. We have prepared PALFINGER well for this and remain committed to our strategy of sustainable structures, a focus on research and development, and employee development. As in recent months, our focus in the new fiscal year remains on further strengthening our resilience. Given the current conditions, we have adjusted our medium-term financial targets: by 2027, we aim for revenue of EUR 2.7 billion, an EBIT margin of 10 percent, and a ROCE of over 12 percent.

— With confidence and dedication, we look forward to the future and are excited to continue this successful journey together with you.

Ing. Andreas Klauser e.h.
CEO

Dr. Felix Strohbichler e.h.
CFO

Dr. Alexander Susanek e.h.
COO

Mag. Maria Koller e.h.
CHRO

INVESTOR RELATIONS

- **PALFINGER 2024 share price down by 21.90 percent (ATX: +6.6 percent)**
- **Dividend of EUR 0.90 per share will be proposed to the Annual General Meeting on April 3, 2025**
- **2,826,516 pieces of own shares**

PALFINGER attaches great importance to transparent communication and continuous dialogue with its investors and the national and international financial community.

Throughout 2024, the Executive Board and the Investor Relations (IR) team kept investors and analysts informed through numerous IR calls. Investor conferences and roadshows, both physical and digital, in Europe and North America, complemented the IR activities for the year. PALFINGER also took advantage of the stock exchange information days hosted by the Vienna Stock Exchange to report on its business developments. Additionally, PALFINGER participated in the Invest fair in Stuttgart, Germany, the Gewinnmesse in Vienna, Austria, and the Geldtag event by Oberösterreichische Nachrichten in Linz, Austria, where they engaged with many private shareholders.

The PALFINGER Capital Markets Day 2024 was held on December 6 in Vienna. Besides presentations by the Executive Board, participants had the chance to join deep-dive sessions with the Executive Board and top management. During these sessions, the speakers discussed the main challenges, goals, and opportunities that PALFINGER faces in the current market environment. The new format with deep-dive sessions allowed for more focused interactions with investors, analysts, and bankers than before.

PALFINGER SHARES

PALFINGER AG shares are listed on the Prime Market of the Vienna Stock Exchange. In Germany, they are traded over-the-counter in Frankfurt, Stuttgart, Berlin, Munich, and Düsseldorf. The PALFINGER share is included in the ATX Prime and ATX Global Players indices, as well as the Austrian Sustainability Index VÖNIX. Since 2018, PALFINGER AG shares have also been part of the MSCI Global Small Cap Index.

The actions of major central banks had a significant impact on the stock markets in 2024. Due to declining inflation, interest rates were cut, with the European Central Bank (ECB) lowering its key interest rate for the first time in June 2024, ahead of the US Federal Reserve (FED). This sparked expectations of a continued cycle of interest rate cuts. However, the anticipated global economic upturn did not materialize, with growth prospects proving to be moderate at best. Factors such as bureaucracy, volatile energy prices, geopolitical tensions, and China's economic weakness weighed on the global economy. The trade conflict between China and Europe and the USA also overshadowed initial progress in stabilizing the Chinese real estate market, which was initially well-received by the capital market. Overall, weak economic data caused uncertainty.

The PALFINGER share started the year 2024 with an opening price of EUR 25.20 and reached its annual high of EUR 25.35 on January 2, 2024. However, due to uncertainties in European core markets and declining expectations for 2024, the share price fell significantly from mid-March to mid-May. This was followed by a peak phase until the end of June, driven by positive market sentiment and the anticipated initial interest rate cuts. In the second half of the year, the uncertain outlook for European core markets for 2024 and 2025 shaped the further development of PALFINGER's share price. The lowest price of EUR 18.52 was recorded on December 20, 2024. After December 20, 2024, the price rose slightly again.

The PALFINGER share ended the stock market year on December 30, 2024, with a closing price of EUR 19.68, corresponding to an annual loss of 21.9 percent. In contrast, the ATX ended the stock market year with a gain of 6.6 percent.

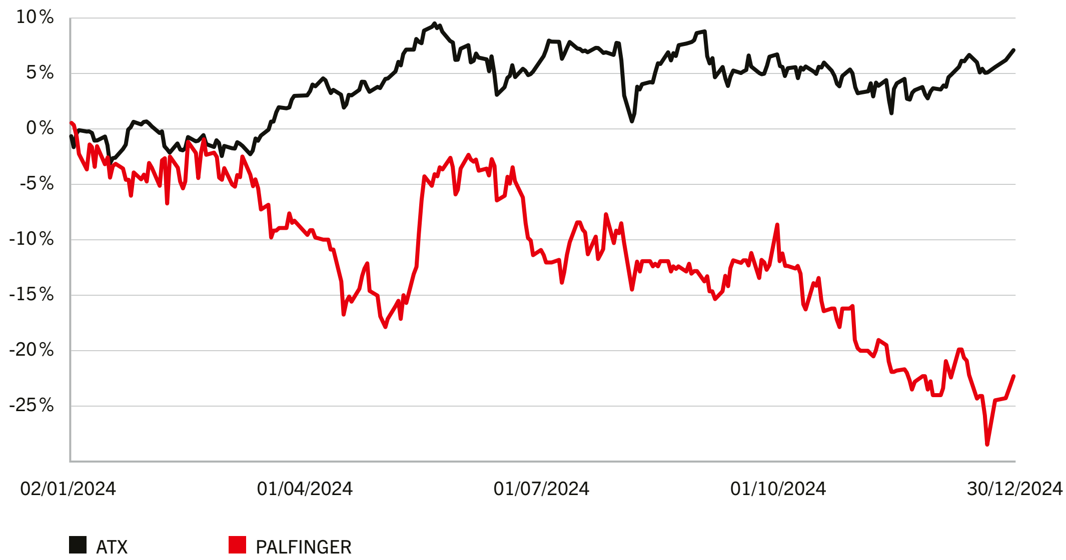
Shareholder information as at 31 December 2024

ISIN	AT0000758305
Number of shares issued	37,593,258
Own shares	2,826,516
Shares outstanding	34,766,742
Listing on the Vienna Stock Exchange	Prime market
OTC listing	Frankfurt, Stuttgart, Berlin, Munich, Dusseldorf
Ticker symbols	Reuters: PALF.VIE; Bloomberg: PALF:AV; Vienna Stock Exchange: PAL

EUR	2022	2023	2024
Low	18.78	19.92	18.52
High	35.50	32.85	25.35
Average exchange rate	24.94	26.44	22.33
Price at year-end	23.65	25.20	19.68
Earnings per Share[1)]	2.05	3.10	2.88
Operating cash flows per share[1)]	1.33	5.37	6.56
Dividend per share	0.77	1.05	0.90[2]
Dividend yield in relation to the average share price	3.1%	4.0%	4.0%
Market capitalization as at year-end (EUR million)[3)]	889.08	947.35	739.84

1) Calculated using the weighted average number of shares outstanding.
2) Proposal to the Annual General Meeting.
3) Calculation based on total number of shares.

Share price development in 2024



RESEARCH REPORTS

- Berenberg Bank
- Deutsche Bank
- Erste Group
- Hauck & Aufhäuser
- Kepler Cheuvreux
- ODDO BHF
- RBI

ANALYSES

As of December 31, 2024, six analysts covered PALFINGER AG shares. At the end of the year, the analyst consensus on the price target was EUR 25.58. In the course of these analyses, three buy recommendations, two hold recommendations and one sell recommendation were issued for the PALFINGER share. Starting February 2025, ODDO BHF also covers the PALFINGER share.

RATINGS

Regular assessments by leading ESG rating agencies show PALFINGER as an opportunity for sustainability-oriented investors.

The VÖNIX sustainability index rated PALFINGER in 2023/2024 as a B sustainable company. The Carbon Disclosure Project (CDP) 2024 survey resulted in a B rating.

DIVIDENDS

PALFINGER AG pursues a continuous dividend policy. Under this policy, approximately one third of annual profit is to be distributed to shareholders. In 2024 the consolidated net profit of PALFINGER AG amounted to EUR 100.0 million. Based on this, the PALFINGER Executive Board and Supervisory Board will propose a dividend of EUR 0.90 (2023: EUR 1.05) per share at the Annual General Meeting on April 3, 2025.

OWNERSHIP STRUCTURE

PALFINGER AG has a stable core shareholder in the Palfinger family, which directly or indirectly holds around 56.5 percent of the shares and is also represented on the Supervisory Board. PALFINGER holds 7.5 percent of its own shares. The remaining 36.0 percent of the shares are in free float. To the company's knowledge, private shareholders hold a significant proportion of the free float. The majority of the shares in free float are held by institutional investors, which are primarily located in continental Europe. One of the biggest investors is placed in Montreal, Canada.

#1 / 2024

GROUP MANAGEMENT REPORT

— PALFINGER AG ANNUAL REPORT 2024

GROUP MANAGEMENT REPORT

STRATEGY AND CORPORATE MANAGEMENT

STRATEGY

- **Strategy 2030 consistently moving forward with focus on efficiency improvements**
- **Financial targets up to 2027 adjusted in response to challenging market environment**
- **Revision of Strategy 2030 by mid-2025**

Vision and Strategy 2030

PALFINGER's mission statement is Lifting Value – Creating Momentum. PALFINGER offers its customers future-oriented solutions at the highest level – responsibly and with a sustainable impact on people, the planet and the success of PALFINGER. As an innovative technology company, PALFINGER creates added value for its customers from the specific challenges they face.

In this regard, global megatrends constantly present PALFINGER with new challenges. Sustainability, social change and digitalization have been identified as particularly relevant for the company and its customers.

PALFINGER has, for decades, proactively and successfully used changing market conditions to expand its position as an innovative technology leader. With its Vision and Strategy 2030, PALFINGER formulates answers to current and future challenges.

The PALFINGER Strategy 2030 is essentially defined by three core areas. The organizational framework "Organizational Frame, Leadership & Sustainability" forms the foundation on which the two strategic pillars "Go for Solutions" and "Go Digital" are based. The strategic pillars act as drivers for the further development of PALFINGER, while the organizational framework evolves in parallel. The strategy outlines the path for achieving increases in sales and earnings across all products in all customer segments and all regions. In this way, PALFINGER is strengthening its position as a leading global manufacturer of innovative crane and lifting solutions and is implementing the prerequisites for sustainable profitable growth.

The consistent implementation of the strategy is ensured by regular reviews conducted by the top management and the responsible stakeholders. This approach not only drives continuous progress in cross-functional strategic programs but also allows for prompt corrective action in case of delays or conflicts. The reviews, combined with stringent program and project management, enable a structured approach, ultimately facilitating the achievement of PALFINGER's strategic goals.

PALFINGER is an extremely stable company with lasting value:

- PALFINGER is positioned as a premium brand.
- PALFINGER is the world's no. 1 for loader, timber and recycling cranes, and lifting solutions in the rail sector.
- PALFINGER is among the top 3 in almost all target markets.
- PALFINGER, is a global player, selling products to more than 130 countries. The company demonstrates genuine customer proximity with a comprehensive sales and service network, guaranteeing customer service of the highest quality.
- PALFINGER has a solid balance sheet structure.

This sound basis enables PALFINGER to implement its Strategy 2030 and make the necessary significant investments. In addition to strengthening its core business in Europe, the Middle East and Africa (EMEA), PALFINGER directs its efforts towards the strategically important growth market in North America (NAM) and the markets in Latin America (LATAM), as well as Asia and the Pacific (APAC), alongside further growth in the Marine sector. The long-standing, proven value creation principle “local for local” enables PALFINGER to operate in the procurement, production and sales markets in the best possible way.

As a global player, PALFINGER generates 5 percent of its consolidated revenue in the Commonwealth of Independent States (CIS). Since the outbreak of Russia’s war on Ukraine, the CIS region has been operating autonomously. PALFINGER complies with all sanctions regulations regarding Russia. The geopolitical situation, particularly with regard to regulatory restrictions, is being evaluated on a continuous basis.

Strategic Pillars

Go for Solutions: As part of its Strategy 2030, PALFINGER is consistently driving forward the company’s development into a complete solutions provider with an even stronger customer focus. This requires ongoing fundamental development of the group in all functions (R&D, procurement, production, distribution, etc.) and is thereby contributing to a substantial evolution of the PALFINGER brand. The strategic pillar “Go for Solutions” can be divided into eight central fields of action:

1. Maximum customer focus: Due to its broad, high-quality sales network, PALFINGER is close to its customers and is available to them as a central contact for all steps in the product life cycle.

2. Lifting solutions that build customer trust: “Lifetime Excellence” signifies uncompromising top performance in providing the most efficient, reliable, innovative and cost-efficient lifting solutions.

3. Digital Customer Journey: Digital tools play an important role in ensuring immediate and direct engagement with customers, facilitating rapid response times and the highest standards of service quality.

4. Hardware and software from a single source: Combinations of physical and digital components bring innovative solutions to the market. These solutions are designed to simplify operations and make them more efficient.

5. Seamless interaction of mobile/stationary installations and lifting solutions: The optimal connection of all systems in the overall solution is crucial for maximizing the benefits of new drive technologies.

6. Autonomous functions: Assistance systems and autonomous functions not only increase customer productivity, they also maximize safety.

7. Ecologically effective solutions: Together with sustainable drive types, PALFINGER’s solutions make an important contribution to an emission-free future.

8. A strong ecosystem of partners: To achieve our ambitious goals, trustworthy partnerships along a customer-oriented, adaptable and resilient value chain are essential.

Go Digital: PALFINGER's second strategic pillar is closely linked to the first. It focuses on the digital transformation of solutions, services and business processes. Here, too, the focus of digitalization initiatives is on customers, partners and employees.

Digitalization opens up a wide range of opportunities for PALFINGER to further increase organizational efficiency. The focus is on digital processes as well as on a data architecture that form the basis for effective information management and for all digitalization initiatives in the organization. This commitment to innovation extends throughout PALFINGER's entire value chain.

In addition to internal processes, the central application area for digitalization is the broad portfolio of solutions and associated services. Product as well as process innovations enable PALFINGER to offer its customers smarter, easier-to-use, and safer solutions.

PALFINGER proactively and systematically seeks out new technologies whose commercial use promises strategic added value for the group's portfolio, such as data-based systems or smart services. The focus lies primarily on service and spare parts, with the aim of avoiding unplanned maintenance and repair work as well as maximizing the availability of appliances.

Organizational Frame, Leadership & Sustainability: To achieve the goals of both strategic pillars as efficiently as possible, an organizational framework adapted to the situation and professional management are required. The GLOBAL PALFINGER ORGANIZATION (GPO), through which PALFINGER's individual business areas are combined in a global matrix structure, is being continuously developed. This improves cross-functional collaboration and achieves synergies on a global level.

Employees also play an essential role in the implementation of the strategy. As a result, employer branding, results-oriented management, comprehensive talent management and training are becoming increasingly important. In addition, the aim is to expand cooperation with strategic partners along the entire supply chain and strengthen the production network. In this context, the various sustainability initiatives are also strategically managed and integrated into PALFINGER's structure. Sustainability is seen as a potential competitive advantage in solutions, a growth opportunity, and a cost-saving potential, and it takes on central importance throughout the entire organization.

Revision of strategy 2030

In addition to the standard progress monitoring of the implementation of Strategy 2030, PALFINGER also conducts regular reviews of the strategic alignment itself. Due to the high dynamics in the markets and business areas in recent years, the Board decided in mid-2024 to carry out a structured process to review and adapt the Vision & Strategy 2030. In various workstreams, the current setup and external environmental factors are analyzed, and strategic directions are questioned, supplemented, and renewed in the context of long-term benefit maximization. The corporate strategic planning also includes a financial multi-year forecast with different scenarios as well as ambitious non-financial goals.

According to the current planning status, the process for revising the strategy will be completed by mid-2025. Subsequently, cascading and operationalization into the organizational units will follow.

Business models

The strategic pillars are reflected in PALFINGER's four business models. These business models are being increasingly digitized, specify value creation, and respond to different market, customer and application needs:

- **Configured** is PALFINGER's central business model and defines global modular construction kit architectures. The aim is to develop building blocks that enable cost-efficient production at the highest quality combined with the ability to respond to customer needs regarding product specifications.
- **Standard** configurations from modular construction kit architecture allow production of standard solutions in large quantities with optimized costs and the highest quality.
- **Customized** enables individual design adjustments of configured solutions. Adaptation of individual elements is possible, for example by installing adapted control panels and radio remote controls or hydraulic, electrical and pneumatic energy supplies to the crane tip for controlling special attachments.
- **Project** enables implementation of new solutions based on specific customer and tender requirements and expands the service portfolio. Individual, customer-specific solutions for special requirements are developed here. Here too, PALFINGER focues on the pre-developed basic concepts of the modular system in order to use preconfigured systems wherever possible and manufacture them while still tailoring them perfectly to the needs of the customer.

STRATEGIC OBJECTIVES

The world's no. 1 for crane and lifting solutions

Focusing on our own strengths and leveraging synergies secures our position as the global number 1 for innovative crane and lifting solutions. The market position in growth products and in growth regions will be further expanded. To realize the optimum potential offered by synergies, improvements are being driven forward with a global approach in all product areas while taking universal standards and the highest quality requirements into account.

Financial targets

Organic growth: PALFINGER is set to continue its growth course in the coming years, despite challenging conditions. However, due to the tense economic and geopolitical environment, the revenue target for the period up to 2027 has been adjusted and reduced from EUR 3.0 billion to EUR 2.7 billion.

10% EBIT margin: PALFINGER's goal is to achieve an EBIT margin of 10 percent by 2027, despite reduced revenue expectations. Key factors include achieving synergies through the GPO, the further standardization of processes and systems and the further development of shared service centers. In addition, professionalized processes together with the bundling of competencies in Centers of Excellence (CoE) safeguard PALFINGER's successful operation as a leading supplier in the global environment.

ROCE above 12%: PALFINGER conducts stringent current capital management and an investment program focused on its core business. This ensures optimal use of non-current and current assets and serves to achieve a return on capital employed above 12 percent by 2027.

Non-financial targets

In 2024, a comprehensive materiality analysis was conducted, and the sustainability strategy 'Lifting Positive Impact' was adjusted, defining five strategic fields of action. In the environmental sector, the focus in the climate protection field is on reducing energy consumption and emissions both within the company and along the upstream and downstream value chain. The circular value chains (circular economy) field focuses on optimizing value chains and cycles. The safety of PALFINGER products and applications and the protection of people working with PALFINGER products is another essential field of action. In the field of people, values, and culture, the health and safety of employees, talent acquisition and retention, diversity, and fair labor practices are central topics. The governance and compliance field includes compliance with regulations, risk minimization, and goals for anti-corruption and corporate governance.

PALFINGER has defined specific goals and measures to achieve global sustainability goals. Two of the most significant goals concern the reduction of emissions and employee safety: The aim is to reduce Scope 1 and 2 emissions by 1 percent annually by 2030, based on the reference year 2022. An employee-related goal is to reduce the Total Recordable Injury Rate (TRIR) to a value below 10.2 by 2030.

Implementation of the strategy in 2024

Go for Solutions: In 2024, alongside investments in technology and expanding market reach, PALFINGER is pursuing a number of growth programs: an Asia strategy to optimally leverage the opportunities in the strongly expanding markets in the APAC region; implementation of a network and service strategy to enhance customer satisfaction and customer proximity; and expanding PALFINGER’s service fleet in NAM to ensure fast, direct customer support.

Implementing this pillar requires a very high level of investment. To solidify and expand its leading position in the market, PALFINGER is driving forward long-term product development projects at the global innovation and development center in Köstendorf, as well as other regional development sites. The focus in 2024 was on modernizing the aerial work platform portfolio and improving product quality and production processes.

Go Digital: To generate maximum customer value throughout the product lifecycle, digital features are embedded in all product lines, both in existing and new solutions. A program for the digital customer journey is being further advanced to create a unified customer experience through digitalization and seamless connection of all touchpoints. With a focus on aspects such as automation, electrification, and the development of a comprehensive data and simulation model of the overall solution, PALFINGER's product portfolio is being geared towards a sustainable future. To strengthen the foundation for digital business models, it has been decided to integrate PALFINGER Connected as a standard feature from the factory for a wide range of lifting solutions starting in January 2025.

Beyond these aspects, security of data availability and cybersecurity along the entire value chain are key prerequisites for implementing the digitalization strategy. This includes an integrated system and application architecture with an intelligent mix of cloud and on-premises systems, which, among other features, facilitates secure work capabilities regardless of location. Additionally, a number of global projects have been initiated, aimed at advancing the digitalization of processes and data architecture within the group, thereby increasing organizational efficiency.

Outlook: Medium-term implementation of the strategy through 2027

To secure PALFINGER's future growth, the high level of investment activities will be continued. As part of the digital transformation and “Go for Solutions” strategy, the focus through 2027 will include the following topics:

- Expansion of technology leadership through the development of fully integrated and networked solutions
- Further development of the dealer and partner network as the basis for a strong global market presence
- Increased employee training and development
- Modernization of production facilities and strengthening of the supply chain and supplier network
- Consistent implementation of the sustainability strategy
- Process optimization in all functions and regions

CORPORATE GOVERNANCE

- **Good corporate governance through organizational and procedural measures**
- **ISO certifications for PALFINGER AG in the sustainability sector**
- **Introduction of the Code of Conduct for business partners**

Structural and process organization

The GPO has enabled centralized functional management within the group since 2019. Management is carried out via global and corporate functions, which are managed by the Executive Board of PALFINGER AG. Global functions include Sales & Service, Operations, Procurement, Controlling & Regional Finance, Human Resources, and Product Line Management & Engineering (PLM&E). Corporate functions cover Governance, Risk & Compliance/Group Accounting & Taxes, Process & Quality Management, Treasury & Insurance, Information & Communication Technology & Global Business Services, Legal Counsels, Strategy & Sustainability, Investor Relations & Sponsoring, Marketing & Communications, PALFINGER21st/Digital Transformation, Sales & Operations Planning, and Supply Chain Management.

Global functions manage directly with disciplinary responsibility all the way down to the regions and local units. Corporate functions act as centers of excellence with responsibility for group-wide governance and technical leadership down to the local units. All functions develop and are responsible for strategies, policies, processes and tools within their area of responsibility. These measures ensure uniform global standards. The global value creation structure is used across products and regions.

PALFINGER’s process organization defines the competencies and responsibilities for processes within the group. The aim is to continuously standardize, optimize and automate processes and systems. The enterprise architecture serves as the foundation for defining and establishing the structures and interrelationships of business processes. This provides a digital description of standard processes across the group. The group-wide rollout of the SAP S/4 HANA ERP system was continued in 2024, with go-lives in Germany and Canada.

With the goal of sustainably increasing the quality of all PALFINGER products and solutions, PALFINGER’s strategic initiative “Lifting Quality” focuses on preventive quality management. The transfer process for multi-site certifications was continued in 2024. As part of these efforts, PALFINGER AG was able to secure ISO certifications in the areas of quality management, environmental management, and occupational safety. By the end of the year, a total of 14 companies with 30 locations in EMEA and LATAM had been certified.

At PALFINGER, permanently established specialized committees serve as an additional management tool. These interdisciplinary committees discuss and decide upon defined subject areas. For example, the Sustainability Council develops the sustainability strategy and drives forward corresponding measures within the organization. The Go Digital Steering Group in turn defines PALFINGER’s digital strategy together with the Executive Board, manages the project portfolio, initiates the early evaluation of new technologies and supports the implementation of cross-divisional operational initiatives.

Corporate planning and controlling

To achieve the strategic goals, a multi-phase planning process has been established. A distinction is made between short-term planning and medium- and long-term planning instruments.

Strategic planning covers a period of five years. As part of this process, market trends are analyzed, business models within a region are defined or adjusted, and changes are made within the framework of PALFINGER's overall strategy. The strategic planning process takes place every two years and is coordinated by Controlling & Regional Finance and Corporate Strategy & Sustainability. Strategic planning is updated annually, taking into account the respective market developments.

Medium-term planning is carried out by drawing up the annual budget on the basis of Sales & Operations planning. This takes into account the business development of the product lines and regions as well as the cost trends of essential drivers such as materials, wages and inflation and all ongoing projects and initiatives of the individual functions. The resulting planning assumptions and targets for the following year are developed in the period from July to September. Planning and operational implementation take place on the basis of the 3rd quarterly financial statements in October.

Short-term planning is carried out on a monthly basis by simulating the development of sales and earnings for the current year based on global sales and production planning. In addition, simulations are prepared in more detail at local level each quarter and structural costs are updated.

Risk and crisis management

PALFINGER's risk management identifies, assesses and oversees risks and defines the implementation of mitigation measures and the monitoring thereof. The risk management process therefore actively supports PALFINGER in meeting its targets. The department Governance, Risk & Compliance (GRC) manages and coordinates the risk management system and process. The design and adequacy of the group-wide risk management process are reviewed and assessed annually by an external auditor.

PALFINGER defines risk as the possibility of a positive or negative deviation from planned results. Risks are therefore evaluated and prioritized as deviations from the plan. The defined mitigation measures are monitored centrally by GRC for all material risks and reported to the Executive Board and Supervisory Board on a quarterly basis.

In addition, GRC steers crisis management. PALFINGER defines a crisis as a serious incident with significant potential impact on the company. In crisis situations, the standard organization is replaced by the crisis organization and a crisis task force takes over management in the affected areas. This ensures effective management of the group even in exceptional situations. The declaration of a crisis is the responsibility of the Executive Board, which instructs GRC to form a crisis task force. In 2024, no events occurred that called for the formation of a crisis task force.

Governance and internal control system

PALFINGER's top priority is to achieve the corporate goals based on corporate vision and values. In doing so, PALFINGER ensures transparent corporate governance that meets internal and external requirements.

As a central platform, the PALFINGER Group Policy System forms a significant basis for the PALFINGER Group's governance model, including the internal control system. GRC ensures the maintenance of the system and the substantive quality of group policies and supports the global/corporate functions in the development of these policies. The group policies are published centrally and communicated to employees by GRC. The respective management is responsible for the content, topicality and implementation of the group policies. Corporate Internal Audit reviews policy design and implementation on a risk-oriented basis.

Group policies serve as a basis for defining processes and addressing process risks and controls. Reporting about implementation of accounting-relevant controls is performed quarterly to ensure that essential key controls are implemented in all companies and processes.

The PALFINGER organization acts in accordance with the principles of the 4-eyes-principle and the segregation of duties. The internal approval process as well as external signing authorizations are governed by a separate group policy.

Compliance

PALFINGER pursues the goal of achieving profitable and sustainable growth. As a global company, PALFINGER ensures that all business activities worldwide conform to uniform standards. In 2024, PALFINGER published two new codes of conduct – one for employees and another for business partners. These codes establish mandatory legal, ethical and moral standards relating to human rights, business ethics and environmental protection. Employees and business associates, including suppliers and dealers, are required to comply with the principles set forth in these codes. Both codes of conduct are published on PALFINGER's corporate website. Supplementary group policies provide further guidance on selected topics.

Internal training increases awareness of compliance-relevant issues. GRC uses existing internal communication channels to communicate and provide training on current compliance topics and new developments within the company.

PALFINGER defines a multi-level catalog of measures to prevent and detect violations of laws and group policies. An integrity hotline on the corporate website enables named or anonymous reporting of possible violations. Reported violations are evaluated by GRC and Internal Audit. If any misconduct is identified, concrete measures to ensure compliance are agreed upon together with the responsible managers.

Internal Audits

Corporate Internal Audit acts as the central point of contact for the Executive Board. Corporate Internal Audit provides independent and objective reviews of the effectiveness of the group-wide risk management, control and steering processes and the operational organization. These activities are aimed at promoting and sustaining organizational and process improvements. As part of the process, PALFINGER follows a standardized audit methodology.

Key audit priorities are derived and evaluated annually from the risk portfolio. In addition to the annual audit plan approved by the Audit Committee, Corporate Internal Audit also conducts, where necessary, ad-hoc audits or special audits, in accordance with the structured audit process.

The results are presented to the responsible operational management, together with whom improvement measures are defined. Implementation of the measures is monitored by Corporate Internal Audit. Reporting on audit results and measures is made to the full Executive Board and Audit Committee on a regular basis.

Important features of the internal control and risk management systems with respect to the accounting process

The Executive Board of PALFINGER AG is responsible for establishing an appropriate internal control and risk management system for the accounting process. To this end, it has adopted binding group policies throughout the group and has installed a corresponding accounting system and an internal control system. The separation of functions and the dual-control principle are essential components of this. Risks relating to the preparation of the balance sheet and measures to minimize these risks are described in the risk report.

The central Group Accounting function has global responsibility for accounting within the group. It defines standards and the application and interpretation of IFRS accounting standards in the group as well as group policies, and supports the locally responsible Finance Business Partners and Global Business Services functions in the implementation of relevant policies. The IFRS group manual sets out uniform rules for recording, posting and accounting for business transactions in the context of the preparation of annual financial statements. This ensures the implementation of the accounting and valuation methods in accordance with IFRS standards across the whole group. The group manual is updated on an ongoing basis by Group Accounting and is applied and implemented by the individual companies within the group.

The IT systems take the principles of the internal control system into account, for example, the appropriate allocation of user access rights. Access to sensitive data is restricted to the group of employees who need the data to perform their duties.

The Supervisory Board audit committee is responsible for monitoring the accounting process and the effectiveness of the internal control and risk management system. The Executive Board presents the most important developments, findings and optimization measures at regular meetings of the Supervisory Board. This ensures that the Supervisory Board receives all necessary information and is informed about ongoing business at regular intervals.

FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

- **Difficult environment reduces sales and EBIT**
- **Significantly increased cash flow**
- **Greenhouse gas emissions as well as accident rate considerably reduced**

PALFINGER strives for long-term profitable growth and measures progress of the group's development over the long term based on financial and non-financial indicators. The increase in value is reflected in good profitability despite major challenges. Indicators of medium and long-term success include tied-up capital, employee health and environmentally conscious business practices. The key figures for PALFINGER in 2024 were:

- Revenue
- EBIT margin
- Capital employed
- Return on capital employed (ROCE)
- Free cash flow
- Net financial debt
- Energy consumption and the associated CO2 emissions
- Total recordable injury rate (TRIR)
- Employee turnover

In the reporting year 2024, sales volumes decreased by -3.5 percent compared to the previous year, mainly driven by the difficult economic conditions in European core markets. While the order intake in EMEA decreased, a double-digit growth rate was achieved in the marine sector. The EBIT margin fell to 7.9 percent. Average capital employed increased to EUR 1,400.6 million due to the investment program. ROCE reached 10.3 percent in the reporting period. Free cash flow increased significantly from EUR 46.5 million in 2023 to EUR 119.5 million in 2024. The reduction in working capital had a positive impact on net financial debt, which therefore decreased slightly from EUR 668.1 million in the previous year to EUR 662.4 million in 2024.

In the reporting year, the absolute energy consumption remained constant at 214.5 million kWh in 2024 compared to 214.3 million kWh in the previous year. Internal production-related CO2 emissions (Scope 1 and 2) significantly decreased from 36,695 t CO2e in 2023 to 30,250 t CO2e in 2024. The intensity ratio of greenhouse gas emissions for Scope 1 and 2 was 12,819 t CO2e per billion EUR revenue in the reporting year 2024 (2023: 15,003 t CO2e per billion EUR revenue). The TRIR accident rate significantly reduced to 8.43 (2023: 11.55). Voluntary turnover remained constant at 5.0 percent (2023: 5.2 percent).

REPORT ON THE DEVELOPMENT OF THE BUSINESS AND THE ECONOMIC SITUATION

MACROECONOMIC CONDITIONS

- **Southern Europe contributed to slightly higher growth in the Eurozone**
- **The “super election year” 2024 brought significant changes**
- **Inflation declined year-on-year**

The global economy remained resilient in 2024, stabilizing at a growth rate of 3.2% compared to 3.1% in the previous year. However, this stabilization occurred at a level below the pre-pandemic average due to weak investments, slow productivity growth, and high debt levels. Additionally, geopolitical tensions and trade policy uncertainties continued to disrupt global supply chains and reshape trade flows. For 2025, global economic growth is expected to remain stable but subdued at 2.8%.

Among industrialized nations, there was a significant divergence between the Eurozone and the United States. According to the European Commission, the Eurozone economy grew by 0.8% in 2024, primarily driven by Southern European countries such as Spain and Italy. In contrast, Germany's economy contracted by 0.1%, while Austria experienced a decline of 0.6%. The United States, by comparison, recorded economic growth of approximately 2.8%.

In emerging and developing economies, GDP growth averaged 4.3%. India (6.8%) and China (4.6%) remained the primary growth drivers. Some Asian countries, including Vietnam and the Philippines, achieved particularly high growth rates, while nations such as Mexico and South Africa recorded only modest gains.

Election year 2024

The political landscape in Europe was significantly shaped by major elections in 2024. In the European Parliament elections, the conservative European People’s Party (EPP) remained the dominant force, while progressive and liberal parties lost seats. In Austria, the right-wing conservative Freedom Party (FPÖ) won the national elections with 28.8 percent, leading to complex coalition negotiations. Additionally, domestic political uncertainties in France and Germany resulted in early parliamentary and Bundestag elections.

In the United States, Donald Trump was elected as president. His administration is expected to pursue a more protectionist economic policy. The newly elected president has already announced plans to reinstate trade tariffs and implement an "America First" agenda.

Currencies, inflation, and commodities

PALFINGER's global operations involve financial transactions in various currencies, with the U.S. dollar (USD) having the greatest impact on business performance. In the first three quarters of 2024, the USD exchange rate fluctuated between 1.06 and 1.12 against the euro (EUR). However, since early October 2024, the USD strengthened significantly against the EUR, closing the year at 1.04.

In addition to the cost of primary steel, other essential raw materials are priced in USD. For instance, copper is traded on the London Metal Exchange in USD per ton. Steel prices steadily declined throughout 2024, from 760 EUR per ton at the beginning of the year to 550 EUR per ton by year-end. Meanwhile, iron ore was priced at approximately 102 USD per ton in December 2024, representing a 25% drop from December 2023 (137 USD per ton).

Global inflation decreased from an average of 6.7% in 2023 to 5.8% in 2024. In Germany and Austria, inflation stood at 2.6% and 2.9%, respectively, remaining above the European Central Bank's (ECB) 2% stability target. In the U.S., inflation was recorded at 2.9%. For 2025, global inflation is projected to decline further to 4.3%, with advanced economies expected to reach their inflation targets sooner than emerging and developing countries.

Interest rates in 2024 were marked by multiple cuts, both in Europe and the United States. The ECB reduced interest rates four times throughout the year, most recently in December 2024 by 0.25 percentage points. By the end of the year, the key deposit rate for the Eurozone stood at 3.0%. Similarly, the U.S. Federal Reserve (Fed) implemented several rate cuts, bringing the benchmark interest rate in the U.S. to a range of 4.25%–4.5% by the end of 2024.

SALES AND SERVICE

- **Volatile economic situation impacts order intake in EMEA**
- **Service business remains key earnings driver**
- **New product lines in EMEA and NAM**

The Global Sales and Service Function is responsible for PALFINGER'S sales and service business and is organized into regions. Distribution is carried out by PALFINGER's own sales representatives as well as independent general agents and dealers. PALFINGER's comprehensive global sales and service partner network comprises around 200 general importers and dealers in more than 130 countries.

Sales & Service's goal is to provide the best possible customer care, from the first contact with PALFINGER to after-sales service for the products. In addition to individual product solutions, PalDrive offers complete vehicles that are available immediately – these are complete packages consisting of truck, PALFINGER product and body solution.

The digitalization of sales and service processes is being continuously expanded. Orders are increasingly submitted to PALFINGER by dealers or general importers via the product configurator. As a result, the complexity of customer requests is managed and errors in the quotation process are avoided. In addition, the product configurator tool shortens the time from inquiry to order entry. The PALFINGER Connected app supports end-user fleet management. Based on telematics data, the applications enable both fleet managers and operators to manage the PALFINGER fleet and view its operational status.

Significant events in 2024

2024 started with a strong level of orders, which weakened somewhat as the year progressed. From today's perspective, the order book extends into the third quarter of 2025 and offers good visibility. The volatile economic situation and the persistent recession in the construction industry across core markets such as Germany, France and Scandinavia had a negative impact on order intake in EMEA. A modest recovery was observed in the second half of the year, primarily due to increased demand from Spain, Italy, and the Middle East. Demand in NAM dipped ahead of the presidential election, while LATAM experienced slight growth, buoyed by positive developments in Brazil and Argentina. APAC, with the exception of China, emerged as a growth region throughout. MARINE performed well across all product areas, markedly improving its profitability. In view of these developments, PALFINGER reported sales of EUR 2.36 billion.

As in the previous year, the service business was a key stabilizing factor in 2024, driving both sales and earnings to a significant extent. PALFINGER experienced exceptional growth and profitability across all regions in the year under review, driven in part by measures aimed at implementing and expanding its eCommerce operations.

Throughout 2024, PALFINGER continued to improve its delivery reliability. However, assembly capacity bottlenecks resulted in higher inventories of finished products throughout the year. A number of initiatives were launched to sustainably improve inventory levels, such as incorporating external assembly resources into its Sales & Operations planning. These measures significantly reduced inventory levels, particularly towards year-end.

In 2024, PALFINGER was represented at a number of important trade fairs, presenting new product lines. Particular focus was placed on participation in the “IAA Transportation” and the “Shipbuilding Machinery & Marine Technology” (SMM) trade fairs.

During the PALFINGER Global Sales and Service Conference, more than 300 participants from over 60 countries gathered in Salzburg, Austria. The theme of the conference was “Building our way forward,” focusing on future topics such as customer proximity, innovation, technology, and sustainability.

Development in the regions

EMEA

In addition to the general agent and dealer network, some products and solutions for original equipment manufacturers (OEMs) and key accounts are sold directly. The core industries in the EMEA region are transport and logistics, rental and leasing, agriculture and forestry, waste management, and infrastructure and construction.

2024 was characterized by weak order intake, which stabilized at a low level and showed a slight upward trend from the fourth quarter onwards. This improvement was predominantly driven by the markets in Spain and the Middle East, which, unlike the core European markets, were able to achieve growth. Conversely, Germany, France, and the Scandinavian countries remained challenging markets, with no immediate signs of recovery in sight.

Amidst these circumstances, PALFINGER was able to successfully launch its new FLS series of truck-mounted forklifts, a competitive product for the entire region. The widespread high level of interest in the FLS series has mitigated the previous reliance on the two central European core markets for this product group.

Defense Solutions also recorded a positive development, buoyed by an increase in order intake.

In Madrid, a property was acquired for the new sales and service hub, consolidating four locations and their activities to pool synergies and achieve cost savings.

With the tagline “Go for Solution P”, PALFINGER presented the new TEC loader cranes, TEC aerial work platforms, FLS truck-mounted forklifts and smart software solutions like Connected plus+ at the IAA Transportation trade fair in Hanover, Germany. The SMM trade fair in Hamburg, also in Germany, was the stage for the market launch of the new heavy-duty crane for service and working vessels.

NAM

In addition to its independent general agents and dealers in the US, PALFINGER owns and operates its own dealer network covering large parts of the Midwest and Southeast. PALFINGER’s product and service offering there includes a mobile fleet of nearly 100 service vehicles at over 10 locations, providing good market access. The most important sectors are the waste management, energy supply and telecommunications industries, as well as infrastructure and construction.

Given the robust order intake from the previous year, NAM performed solidly in the first half of 2024. The uncertainty surrounding the outcome of the presidential elections in November led to a wait-and-see attitude in the second half of 2024, resulting in dampened demand.

The service crane and the truck-mounted forklifts continued to perform well. PALFINGER hosted a sneak preview for a select group of dealers, inviting them to take an exclusive first look at the new center seat truck-mounted forklift. The official launch is scheduled for 2025.

The headquarters in Schaumburg, USA, opened in 2023, was the venue for a NAM dealer conference themed “Building our way forward” in September 2024.

LATAM

PALFINGER’s main markets in LATAM are the mining, energy supply, agriculture and forestry sectors, as well as infrastructure and construction. The core markets are Brazil, Argentina, Chile and Peru.

A positive trend started to emerge in the first half of 2024, supported by the recovery in Brazil, where additional orders could be secured in the mining industry. The Argentinian government’s fundamentally new financial and economic policy significantly curbed inflation and spurred noticeable economic growth. This development likewise had a positive impact on PALFINGER’s order situation.

APAC

The most important industries in the region are transport and logistics, railroads, waste management, agriculture and forestry, government organizations, as well as infrastructure and construction.

Consistent with 2023, all economic sectors within the region exhibited robust growth in 2024, with the singular exception of China. Despite all the measures taken by the Beijing government to bolster economic development, investment levels remained markedly low. Persistently weak domestic demand, in particular, is impacting the world’s second-largest economy, which in turn is affecting order intake levels.

Conversely, the other countries within the region developed positively. Vietnam, Indonesia, and particularly India showed impressive growth, partially offsetting China’s underperformance.

MARINE

PALFINGER’s product portfolio primarily serves the offshore (oil, gas and wind), passenger and cruise, navy and coast guard, aquaculture and fisheries, as well as trade and transport industries.

Persistent geopolitical tensions and terrorist attacks targeting international freight routes at the Horn of Africa necessitated both alterations and extensions to maritime trade routes in 2024. Overall, sea transport increased, as did the cruise industry. The global push for energy security led to increased demand, which in turn generated significant growth in the offshore sector.

Amidst this highly diverse market environment, PALFINGER emerged as a standout performer, excelling across all product areas except fisheries. Overall, Marine saw a significant increase in its service and spare parts business, expanded its strong performance in marine and wind cranes, and achieved significant growth in the offshore, cruise, and government organizations sectors.

In 2024, PALFINGER won the order to equip six new multi-purpose (MPP) vessels of the Singapore Navy with slipway systems and also secured a contract for supplying polar class lifeboats and davits to the Canadian Coast Guard.

CIS

The Russian war on Ukraine since February 2022 has caused significant economic turmoil. PALFINGER complies with all sanctions regulations. The region operates self-sufficiently and independently, serving the Russian market exclusively through locally manufactured products while maintaining financial reporting.

Outlook

The global geopolitical and trade policy environment remains volatile. For Europe, a modest economic recovery is forecasted for 2025. With the new Trump administration, a more robust domestic economy is expected in NAM, and consequently higher order intake levels, which already manifested in the 4th quarter of 2024. In LATAM, based on the economic progress in Brazil and Argentina, further growth can be anticipated. In the APAC region, India and Vietnam are emerging as key drivers of growth.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

- **Raw material costs at a stable level**
- **Expansion of strategic supplier network**
- **Rise of regulatory measures in the supply chain**

The Global Function Procurement comprises the following categories: Raw Materials, Cylinders, Control Systems & Mechatronic, Hydraulic & Equipment, Drawing and Standard Parts, Chassis as well as Indirect Spend & Investment. It is responsible for PALFINGER's entire purchasing volume. The Corporate Function Supply Chain Management plans, coordinates and monitors all activities along the supply chain to ensure smooth and efficient operations.

PALFINGER classifies 700 of its 7,000 suppliers worldwide as strategic partners. Annual requirement plans are drawn up as part of long-term supply contracts. This allows costs to be fixed and the availability of future volumes, especially for critical components, to be secured. To reduce complexity in the procurement of components, cut process costs and, above all, increase flexibility, PALFINGER increasingly uses digital interfaces with its suppliers.

PALFINGER takes steps in procurement to reduce the risk of unstable supply chains. The practice of double/multiple sourcing minimizes the risk of supplier failure. PALFINGER also reduces its ecological footprint and contributes to local value creation through the value creation principle "local for local" by using local partnerships preferably with globally operating suppliers.

Significant events in 2024

Due to the diversified supplier portfolio based on the "local for local" procurement principle, the effects of geopolitical conflicts, such as the Houthi attacks on international freight routes, could be largely avoided. Similarly, the effects of major natural disasters, like the flooding in Brazil in May 2024, were effectively mitigated. This ensured a steady and reliable supply of raw materials and components across all regions.

In the first half of 2024, raw material costs curved downward and stabilized at a low level. Energy costs followed a similar trajectory, decreasing over the year and remaining low. By embracing a procurement strategy that prioritizes local suppliers, transport and freight costs, which had declined year-on-year, could be kept low. However, labor-intensive components faced increasing price pressures due to wage hikes, remaining a significant cost factor.

In 2024, the inventory levels of raw materials and components were significantly reduced from their previous highs. In particular, safety stocks of sheet steel and steel pipes were targeted for reduction due to the improved delivery landscape. However, the weak economic trend and the decline in market demand, particularly in EMEA, had a dampening effect on production volumes in the second half of the year, thereby slowing the potential for further reducing inventories.

In NAM, PALFINGER successfully strengthened its supply chain through the targeted expansion of its portfolio of suppliers. A new strategic partner in Mexico secured cost and transport advantages for PALFINGER.

To optimize delivery times and costs, strategic partners are involved in the development process at an early stage. The "PALFINGER Supply Alliance" project, initiated in EMEA in 2024, supports suppliers in identifying and leveraging optimization potential in the areas of quality, costs, processes and development that benefit both parties. By year-end, six suppliers had already joined the program.

The EMEA Supplier Day, hosted in June in Salzburg, Austria, facilitated an intensive exchange with key suppliers. The main topics discussed were strategic expectations and the increasing juridification of the supply chain. Initiatives like the Corporate Sustainability Due Diligence Directive (CS3D) and the Carbon Border Adjustment Mechanism (CBAM) aim to ensure transparency, prevent human rights abuses, and protect the environment within in the supply chain. With these considerations in mind, PALFINGER introduced a separate code of conduct for business partners in 2024 and launched projects to ensure the upholding of ethical standards along the supply chain.

Outlook

In 2025, the optimization of stock levels is set to continue, alongside the expansion of supplier capacities to establish the prerequisites for future growth and reduce the need for investments in PALFINGER's own manufacturing facilities. Supply chain management processes will continue to be digitized throughout the year.

OPERATIONS

- **Capacity adjustments in EMEA and NAM**
- **Opening of Niš, Serbia, and expansion of Löbau, Germany**
- **Continuous improvement of production processes**

Operations is a Global Function responsible for production at PALFINGER. This includes all production plants of the PALFINGER Group and is organized into regions. With a workforce of 5,200 employees, Operations is PALFINGER's largest function.

Within this function, the globally oriented Operations Excellence department works with the plants to drive forward the standardization and optimization of manufacturing and other business processes. In addition, the digital transformation along the value chain is centrally controlled, tested and implemented in the production network.

The value-added principle "local for local" pushes the production of regional products and solutions close to the customer. In this way, PALFINGER ensures geographical proximity to its customers, benefits optimally from shorter delivery routes and achieves cost advantages in best-cost countries. This also enables a rapid response to changing market volumes. With its global production network, PALFINGER is well-prepared to navigate potential trade restrictions, such as high tariffs.

Significant events in 2024

2024 was marked by capacity adjustments in EMEA and, from the second half of 2024, also in NAM. With these adjustments, PALFINGER responded to the low level of order intake caused by the weak economy and the cautious mood in the run-up to the US presidential elections. Conversely, LATAM recorded a slight increase in production levels, while the APAC region made progress in optimizing the production process. MARINE experienced good capacity utilization in Hanoi, Vietnam and Qingdao, China.

PALFINGER continued to advance its LEAN initiative in 2024, driving forward improvements based on a revised PALFINGER Production System (PPS). The PPS is instrumental in driving efficiency gains and fostering a customer-centric approach across the organization. The initiative was supported by comprehensive LEAN leadership training for more than 50 executives in EMEA, LATAM and NAM, thereby solidifying the commitment to LEAN principles within the organization.

Development in the regions

EMEA

The plants in the EMEA region are a central element in the global production network. The focus in 2024 was on continuing to optimize the production footprint, a strategy that involved relocating part of the steel construction operations to best-cost countries, both internally and externally. Strategic relocations within the production network leveraged cost advantages, technologies and expertise at the affected locations to their fullest potential.

Production at the new site in Niš, Serbia, started in the third quarter. Continuous training programs are in place to enhance and expand the skill sets of the workforce. With the modernization and expansion of the Löbau facility in Germany, all four classes of aerial work platforms are now assembled at a single location. The official opening took place in May 2024. As part of the efforts to optimize and improve production, the Elsbethen plant in Austria transitioned from stationary assembly to line assembly.

The continuous change and digitalization process in production at Lengau, Austria, was recognized with first place in the “Smart Factory” category by “Industriemagazin”, Austria’s leading publication for the manufacturing industry, in November 2024.

NAM

In 2024, the production sites in NAM recorded modest growth, which started to decelerate slightly in the second half of the year as the presidential elections drew near. Capacities in Oklahoma City and Council Bluffs, both in the USA, were adjusted to align with these dynamics, alongside further steps for optimization within the network.

Internal relocations and the consolidation of technologies and expertise led to better utilization of synergies and efficiency gains. In Council Bluffs, for example, the production of bodies and service cranes was combined, and parts of the tail lifts production were relocated to Cerritos, USA. In Oklahoma City, assembly of aerial work platforms was converted from stationary assembly to line assembly, which generated significant efficiency gains.

LATAM

The improved economic and political situation in Brazil and Argentina sparked an uptick in demand, contributing to a modest increase in output across the LATAM region.

In Rio Tercero, Argentina, a new paint shop was put into operation, and the standardization of production was continued. The local team also adeptly coped with the aftermath of Brazil’s floods in May.

APAC

The ongoing weak economic development in China resulted in the continuous reduction of capacities at the plant in Due to the persistently weak economic development in China, capacity utilization remained at a low level in 2024, consistent with the previous year. These challenging economic conditions necessitated further steps towards structural and organizational optimization.

MARINE

Production in Hanoi and Qingdao experienced high levels of utilization, accompanied by process optimizations. In Hanoi, winch production was ramped up in response to new orders, and the capacity for davits was expanded. A new production line for larger boats was launched in Qingdao.

CIS

Due to the war in Ukraine and the associated sanctions, production in CIS is also operating autonomously and independently.

Outlook

In 2025, PALFINGER will continue to focus on optimizing its footprint and enhancing productivity, quality and delivery reliability across its plants. Another key area of focus is an assertive approach to capacity management, in order to promptly identify and effectively mitigate market fluctuations.

RESEARCH AND DEVELOPMENT

- **Independet battery unit provides greater flexibility**
- **New range of aeril work platform increases performance and efficiency**
- **New side-seated truck mounted forklifts introduced**

Research and development contributes significantly to PALFINGER's positioning as a globally innovative technology company. The global function of Product Line Management & Engineering bundles all research and development activities for this purpose and has around 700 employees at 24 locations. Centers of excellence focus on areas such as System Management & Engineering, Mechatronics and Vehicle Integration. In 2024, PALFINGER spent EUR 99.6 million on research and development (Cash out) (2023: EUR 95.9 million), which corresponds to 4.2 percent of total revenue (2023: 3.9 percent).

As an independent, exploratory corporate unit, P21st complements the company's innovation activities. By focusing on external market developments and their impact on the future needs of end customers as well as the development of new solutions with disruptive potential, P21st creates sustainable strategic value and growth potential for PALFINGER. In close cooperation with the internal research and development teams, P21st drives forward topics such as scouting, customer orientation, competence building in the environment of new technologies, and the development of new business models. In addition, P21st promotes a culture of innovation within the group and cooperation between PALFINGER and external partners and research institutions.

Significant events in 2024

In 2024, three new models of heavy-duty cranes were introduced. They are specifically designed for operations in steep positions and for maximum reach during heavy lifting tasks. Operational efficiency is maximized through assistance systems and improved control over the loading of heavy loads. Additionally, a new service crane was introduced in NAM, offering higher operational safety and a specially developed remote control for increased efficiency in winch operations.

A Center of Excellence is developing proprietary power and battery packs for all product lines. At the IAA, a prototype of a standalone electric drive system for crane operations was presented to customers to incorporate their feedback into development. The system switches between diesel and electric operation as needed, ensuring quiet operation in noise- and emission-sensitive areas and can be used on various trucks as required.

The revised TEC series of aerial work platforms offers numerous improvements. Performance and operational efficiency are enhanced through modifications in user-friendliness, maintenance, and payload capacity. The telematics solution PALFINGER Connected is used for fact-based decision-making, proactive maintenance information, and remote support. All models of the new TEC series can also be equipped with a battery pack for electric operation, allowing the platforms to operate for an entire workday without a power connection or combustion engine.

At the IAA, the new side-seat series of truck-mounted forklifts was introduced. The new series features significant improvements in safety, comfort, and reliability. Additionally, the electric truck-mounted forklift offers a fully electric variant for low-noise and low-emission operations in urban environments.

With new standards in automation and three cameras for increased safety, PALFINGER presented the new TEC series of hookloaders at the IAA. An interactive display and improved system monitoring are used. Furthermore, a special cabin control allows operators flexible configuration and intuitive operation.

Two new skiploaders feature an optimized design for improved visibility, accessibility, and installation. Through remote control, greater control and safety is enabled. An optional silent mode significantly reduces noise emissions for work in urban areas.

In the marine sector, PALFINGER introduced a heavy-duty crane in 2024. It was developed for maritime applications such as service boats and aquaculture, offering a reach of up to 29 meters and a load capacity of over 4,000 kg. Its compact, lightweight design saves deck space, while the revised hydraulics enable multifunctional operation.

Since 2023, PALFINGER has been developing fully electric cranes for offshore use in close collaboration with Aker BP. In 2024, the delivery of two boom crane bases marked a significant milestone. The cranes will be assembled over the next year.

The Digital Solutions product line complements and expands PALFINGER's existing portfolio with innovative digital products and services based on data-driven business models. PALFINGER Connected is the platform to complement lifting solutions with digital services based on usage and machine data. Since early 2024, virtual reality training simulators have enabled the practice of basic and complex scenarios in a risk-free environment.

Important partnerships with business partners, research institutes, and universities

PALFINGER maintains partnerships and cooperations with universities, research institutions and partners from industry to develop new technologies, innovations and integrated solutions. These enable PALFINGER to offer its customers the most efficient, innovative and best product solutions. Thanks to the innovation network, PALFINGER also increases its attractiveness as an employer for qualified specialists.

The main partners are the Technical Universities of Vienna and Graz, as well as the Austrian Institute of Technology (AIT) in Vienna. PALFINGER is collaborating with AIT on the "go autonomous" project for forestry and recycling cranes. Ongoing projects with partner institutions include "Digital Simulation Models," collaboration with students in areas such as digitalization, electrification, mechatronics, mechanical engineering, and sustainability, as well as cooperation in the field of automation. In 2024, a "Product Innovation Project" for the loader crane product line was implemented with TU Graz.

Outlook

Based on the value creation principle "local for local," the expansion of the global research and development network will be advanced in 2025. The focus is on establishing own centers in the best-cost countries in LATAM and APAC. At bauma 2025, innovations in the areas of loader crane, aerial work platfrom, and skiploader will be presented.

OTHER SIGNIFICANT CHANGES WITHIN THE PALFINGER GROUP

Changes to the Executive Board

With effect from January 8, 2024, Ms Maria Koller was appointed as fourth Executive Board member responsible for Human Resources and Legal affairs.

Further company law-related changes in the PALFINGER Group

In February 2024, Palfinger Vietnam Co Ltd in Ho Chi Minh City, Vietnam, was founded.

In April 2024, Palfinger Duisburg Gmbh was merged into Palfinger GmbH.

In July 2024, Equipdraulic S.L.U. was merged into Palfinger Ibérica Maquinaria S.L.U.

FINANCIAL PERFORMANCE INDICATORS REPORT

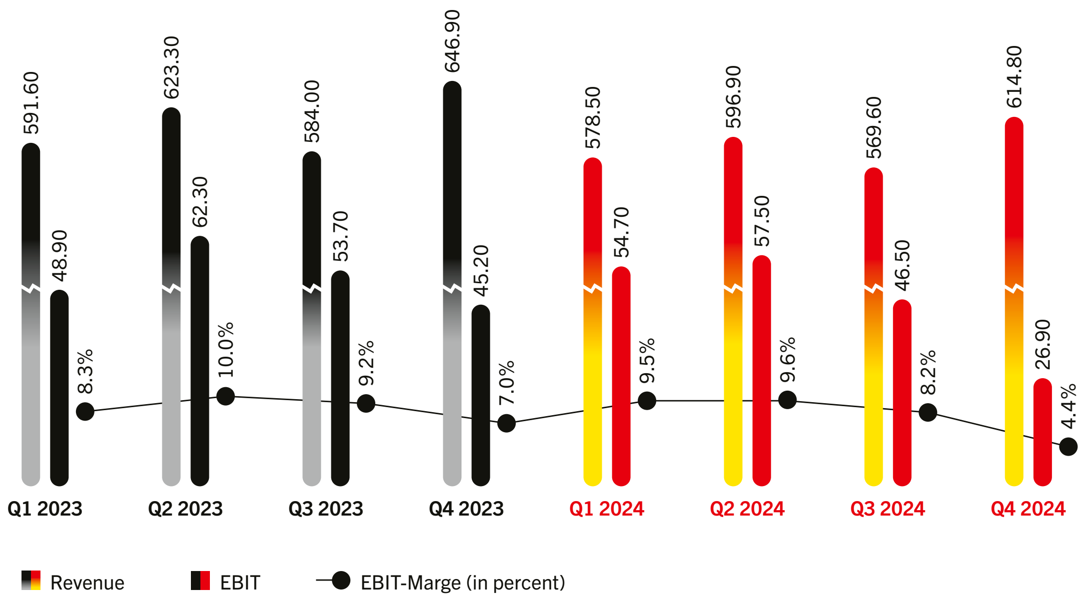
BUSINESS PERFORMANCE 2024

The year 2024 was, on the one hand, characterized by weak economic development in the core European markets. On the other hand, particularly NAM, APAC, and the marine sector recorded growth. Due to regional diversification, PALFINGER was able to achieve the second-best year in the company's history despite a slight decline in sales. Main drivers were the increased profitability in growth areas and capacity adjustments in the production plants in EMEA. Due to the described effects and a challenging economic field, sales of EUR 2,359.8 million were achieved. Compared with 2023 sales of EUR 2,445.9 million, this represents an decrease of -3.5 percent.

The order backlog decreased in the first three quarters due to the challenging economic environment. In the fourth quarter, an upswing in order intake was recorded, which, together with capacity adjustments, led to a stabilization of the order backlog.

The profitability of PALFINGER’s operating business declined, despite increases in the marine sector, in NAM and the tail lifts segment, due to the challenging economic environment in EMEA, to EUR 185.6 million compared to the previous year. The EBITDA decreased from EUR 302.9 million to EUR 277.0 million and the EBITDA margin was 11.7 percent compared to 12.4 percent in fiscal year 2023.

Development of EBIT and Revenue (in EUR million)



NET ASSETS

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	12/31/2022	12/31/2023	12/31/2024
Assets			
Non-current assets	878.9	937.2	1,017.5
Current assets	1,079.2	1,123.9	1,117.0
	1,958.2	**2,061.1**	**2,134.5**
Equity and liabilities			
Equity	674.9	715.5	753.1
Non-current liabilities	620.6	661.3	752.9
Current liabilities	662.7	684.3	628.5
	1,958.2	**2,061.1**	**2,134.5**

Consolidated financial statements, consolidated balance sheet, p. 94,
Notes on the consolidated balance sheet, p.120

Total assets increased from EUR 2,061.1 million as at December 31, 2023 to EUR 2,134.5 million as at balance sheet date December 31, 2024. Non-current assets increased from EUR 937.2 million to EUR 1,017.5 million. The main reason for this was the investment program. The reduction of the current assets from EUR 1,123.9 million in 2023 to EUR 1,111.3 million in fiscal year 2024 was due to the improvement of the working capital.

Equity increased from EUR 715.5 million to EUR 753.1 million as of December 31, 2024, mainly due to the consolidated result. The increased equity is also reflected in the rise of the equity ratio from 34.7 percent to 35.3 percent.

Non-current liabilities increased from EUR 661.3 million in the previous year to EUR 752.9 million at the end of 2024. This was mainly due to the long-term refinance of maturing loans and to finance the investment program. Current liabilities to finance the Working Capital decreased from EUR 684.3 million to EUR 626.5 million. As of December 31, 2024, 101.9 percent of total capital employed of was secured long-term (2023: 95.6 percent). At EUR 662.4 million, net debt decreased compared to the previous year (2023: EUR 668.1 million).

The gearing ratio (net debt in relation to equity) was 88.0 percent as at December 31, 2024, compared to 93.4 percent on the reporting date of the previous year. Net investments in the reporting period amounted to EUR 155.8 million and were thus significantly below the previous year's figure of EUR 173.5 million.

FINANCIAL POSITION

EUR million	Jan–Dec 2022	Jan–Dec 2023	Jan–Dec 2024
Cash flows from operating activities	46.1	186.7	228.0
Cash flows from investing activities	(85.8)	(165.7)	(141.2)
	(39.7)	**20.9**	**86.8**
Adjusted interest on borrowings after tax	10.2	25.6	32.8
Free cash flow	**(29.4)**	**46.5**	**119.5**

Consolidated financial statements, consolidated statement of cash flows, p. 94

Cash flows from operating activities increased in the year 2024 to EUR 228.0 million after EUR 186.7 million in 2023. The main reason for this was the reduction of working capital. Cash flows from investment activities amounted to EUR -141.2 million in 2024 compared to EUR -165.7 million in the previous year's reporting period. Free cash flow increased significantly to EUR 119.5 million as of the reporting date compared to EUR 46.5 million in 2023.

The cash flow from the financing sector was EUR -27.7 million in 2024 compared to EUR 2.6 million in the same period of the previous year. The return on equity increased from 18.1 percent at year-end 2023 to 15.1 percent as of December 31, 2024. The return on capital employed was below the previous year's figure of 11.5 percent at 10.3 percent. The weighted average cost of capital (WACC) decreased to 5.6 percent in 2024, compared to the previous year's value (2023: 6.0 percent). These developments led to a decrease in economic value added from EUR 74.3 million to EUR 65.8 million in reporting year 2024.

EUR million	Jan–Dec 2022	Jan–Dec 2023	Jan–Dec 2024
NOPLAT			
EBIT	150.4	210.2	185.6
Adjusted income tax	(39.0)	(56.3)	-41.3
	111.4	**153.9**	**144.4**
Capital employed[1]			
Inventories	512.5	599.9	620.9
Trade receivables	319.4	341.7	304.9
Trade payables	(233.5)	(246.6)	-226.6
Payments received on account of orders	(44.3)	(54.7)	-63.0
Current capital	**554.1**	**640.3**	**636.2**
Other current receivables and assets	78.8	80.5	82.8
Income tax receivables	6.7	6.1	4.2
Current provisions	(39.4)	(46.5)	-46.2
Current liabilities	(162.6)	(175.0)	-174.9
Income tax liabilities	(14.1)	(15.9)	-16.6
Net working capital[1]	**423.4**	**489.5**	**485.6**
Non-current operating assets	840.0	899.9	972.4
Non-current provisions	(57.4)	(42.9)	-43.3
Deferred tax liabilities	(7.3)	(6.8)	-8.9
Liabilities from puttable non-controlling interests	(0.2)	-	-
Other non-current liabilities	(11.1)	(5.7)	-5.2
	1,187.4	**1,334.1**	**1,400.6**
ROCE	**9.4%**	**11.5%**	**10.3%**

1) Annual average.

Cash and liquidity management

Corp. Treasury adheres to the principle of ensuring sufficient liquidity at all times, both for payment obligations as well as for further corporate growth. The most important source of financing is cash inflows from operating activities. Liquidity planning has been one of PALFINGER's central management tools.

Liquidity as well as currency and interest rate risks of PALFINGER are managed centrally by Corp. Treasury. Financial management is based on uniform principles applied globally across the group. At the subsidiary level the local Finance Managers are responsible for ensuring compliance with treasury guidelines.

Within the PALFINGER Group, the principle of internal financing applies. The financing requirements of subsidiaries are covered by the in-house bank concept and internal loans wherever possible. PALFINGER uses surplus cash and cash equivalents to reduce external financing requirements and net interest expenses. Intra-group transactions are settled via clearing accounts, thus reducing bank transactions and fees. Centralized management of group financing allows the group's credit rating to be used to finance group companies and secure the necessary liquidity at low cost.

In day-to-day liquidity management, PALFINGER uses cash management systems to utilize liquidity surpluses of individual group companies to cover the financial needs of others (cash pooling). In 2024, the automated cash pooling systems were expanded. Additionally, to diversify risk in the USA, the implementation of an additional banking and cash pooling structure with a local American banking partner was initiated.

PALFINGER has access to extensive committed credit lines provided by the core banks currently financing the group. This further secures PALFINGER's solvency at all times. The financing requirement was covered in 2024 by placing an ESG-linked promissory note loan totalling EUR 160 million. The financing lines, which are held as a liquidity reserve and are also used to finance working capital, were increased at year-end to more than EUR 300 million.

Factoring programs exist in Europe, the USA and Canada. As of the balance sheet date December 31, 2024, the receivables sold in this way totaled EUR 77.0 million (2023: EUR 104.0 million). The opportunities and risks associated with the receivables sold were neither fully nor retained. According to IFRS, receivables for which risks and rewards have not been fully transferred or retained must be accounted for based on a specific suspicion within the company. The receivables were therefore not fully derecognised. The assessment of the risks arising from the receivables sold is fundamentally based on the default risk and the late payment risk.

Additional suppliers and legal entities were integrated into the existing reverse factoring structure in 2024. As of December 31, 2024, this affected trade accounts payable totaling EUR 30.1 million (2023: EUR 46.0 million).

RESULTS OF OPERATIONS

Sales decreased by 3.5 percent to EUR 2,359.8 million in fiscal year 2024 (2023: EUR 2,445.9 million. The largest decline was recorded in EMEA with 12 percent. In contrast, the Marine sector achieved a growth of 18 percent. Exchange rate changes had a negative effect of EUR -20.2 million on revenue development.

RESULT OVERVIEW

EUR million	Jan–Dec 2022	Jan–Dec 2023	Jan–Dec 2024
Revenue	2,226.2	2,445.9	2,359.8
EBITDA	229.6	302.9	277.0
EBITDA margin	10.3%	12.4%	11.7%
EBIT	150.4	210.2	185.6
EBIT margin	6.8%	8.6%	7.9%
Consolidated net result	71.4	107.7	100.0
Earnings per share (EUR)	2.05	3.10	2.88
Dividend per share (EUR)	0.77	1.05	0.90[1]

1) Proposal to the Annual General Meeting.

Consolidated financial statements, Consolidated income statement, p. 167,
Notes on the consolidated income statement, p. 186

As a result of the declining sales, the cost of sales decreased from EUR 1,818.4 million to EUR 1,759.7 million, with the relative cost of materials beneath the previous year's level. Variable personnel costs increased from EUR 250.8 million to EUR 252.6 million and were slightly above the level of 2023 in relation to revenue. Gross profit decreased from EUR 627.4 million to EUR 600.2 million in comparison to the same period of the previous year. The gross profit margin was 25.4 percent as at the reporting date and was slightly below the figure of 25.7 percent in 2023.

Structural costs (including costs for research and development, distribution and administration) increased from EUR 426.3 million to EUR 433.9 million. Compared to the same period of the previous year, structural costs as a percentage of revenue increased from 17.4 percent to 18.4 percent. The increase in costs in 2024 was mainly due to inflation effects and, in addition, the structural development of the organization for future growth as well as expenditures for group-wide forward-looking projects. Group-wide projects to increase efficiency made a significant contribution to partially offsetting the inflation-related cost increase.

EBITDA decreased by 8.5 percent from EUR 302.9 million in 2023 to EUR 277.0 million in 2024. The decrease is a result of lower capacity utilization in the production plants and the inflationary effects on personnel costs. The EBITDA margin was 11.7 percent compared to 12.4 percent in the previous year. The operating result (EBIT) was also significantly affected by the above factors and decreased from EUR 210.2 million in 2023 to EUR 185.6 million in 2024. The EBIT margin also declined from 8.6 percent in 2023 to 7.9 percent in 2024.

Compared to the previous year, the net financial result fell by EUR 6.8 million from EUR -36.8 million to EUR -43.7 million. This development is due to increased interest rate level. Despite the high investment volume, net financial debt could be reduced by 0.9 percent from EUR 668.1 million to EUR 662.4 million due to the improvement in working capital. Absolute expenses for income tax were significantly below the previous year's figure and amounted to EUR 31.2 million in the reporting period compared to EUR 47.4 million in 2023. The tax rate significantly decreased from 27.4 percent in 2023 to 22.0 percent in the reporting period. At EUR 100.0 million, the consolidated net result for 2024 was 7.1 percent below the previous year's figure of EUR 107.7 million. Earnings per share decreased from EUR 3.10 in the previous year to EUR 2.88 in the reporting period. In line with PALFINGER's dividend policy, the Executive Board and Supervisory Board will propose to the Annual General Meeting that a dividend of EUR 0.90 be distributed for fiscal year 2024 (2023: EUR 1.05).

PERFORMANCE BY SEGMENT

- **Market growth, especially in NAM and the Marine sector, partially compensated for the decline in EMEA in the Sales and Service segment**
- **Lower capacity utilization in the production plants and inflationary effects on personnel costs reduced external sales in manufacturing for third parties and profitability in the Operations segment**
- **Group-wide initiatives in the area of digitalization continued**

PALFINGER's business is divided into the reportable segments Sales & Service and Operations. The other non-reportable segments include the non-reportable segment Tail Lifts as well as the Holding unit. The Holding unit acts as a cost pool for group administration and strategic future projects.

EUR thousand	SALES & SERVICE	OPERATIONS[1]	Other Segments	PALFINGER Group
Revenue	2,121,314	133,641	104,887	2,359,843
Revenue share	89.9%	5.7%	4.4%	-
EBITDA	217,329	81,464	(21.7)	277,045
EBITDA margin	10.2%			11.7%
EBIT	194,261	35,568	(44,200)	185,628
EBIT margin	9.2%			7.9%

1) Margins not displayed for Operations du to minor revenues in the segment

SALES AND SERVICE SEGMENT

Segment Sales & Service comprises the sales and service units.

Business performance in 2024

Segment revenue decreased from 2,237.5 in 2023 to 2,121.3 in fiscal year 2024. The negative development resulted partly from the segment change of the Tail and Passenger Lifts product line in NAM and partly from the low order intake in EMEA. Segment EBITDA decreased from EUR 232.8 million to 217.3 in 2024. The EBIT margin also declined to 9.2 percent in 2024 from 9.3 percent in 2023.

EUR thousand	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Revenue	529,963	566,386	533,142	608,027	513,282	532,250	509,320	566,462
EBITDA	50,400	55,085	60,292	67,012	64,642	68,238	55,887	28,562
EBIT	44,602	49,257	54,454	59,345	59,627	63,094	51,019	20,520

Marine recorded the best development due to the high demand for Boats & Davits and Marine handling solutions in particular. EMEA recorded a decline in incoming orders due to the general market trend, particularly in the first three quarters in the construction industry.

Income statement (EUR thousand)	2023	2024	in % of Group
External revenue	2,237,518	2,121,314	89.9%
EBITDA	232,789	217,329	78.4%
Depreciation, amortization and impairment	25,131	23,068	25.2%
EBIT	207,658	194,261	104.7%
EBIT margin	9.3%	9.2%	

OPERATIONS SEGMENT

The Operations segment consists of the production sites and the respective production share of a company.

Business Performance 2024

External segment revenue in 2024 was at EUR 133.6 million significantly below the previous year's figure of EUR 155.3 million due to the reduced turnover of Nimet Srl. Segment EBITDA decreased from EUR 107.5 million in the same period in 2023 to EUR 81.5 million in the reporting period due to lower capacity utilization. Segment EBIT reached EUR 35.6 million compared to EUR 61.8 million in fiscal year 2023.

EUR thousand	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Revenue	47,522	43,841	37,949	26,024	38,164	35,052	34,277	26,148
EBITDA	27,506	39,279	31,602	9,119	23,264	16,648	18,695	22,855
EBIT	17,128	28,788	18,673	-2,783	11,485	4,335	6,530	13,218

Due to the lower order intake at the beginning of the year, capacity utilization in the PALFINGER plants was reduced over the course of the year. As a result, a short-time work model was introduced, particularly in the Operations segment in Austria. Material prices and internal supply chains stabilized compared to the previous year.

Income statement (EUR thousand)	2023	2024	in % of Group
External revenue	155,336	133,641	5.7%
EBITDA	107,505	81,464	29.4%
Depreciation, amortization and impairment	45,699	45,896	50.2%
EBIT	61,806	35,568	19.2%

OTHER NON-REPORTABLE SEGMENTS

The other non-reportable segments include the group functions pooled at headquarters and the strategic project costs incurred by the holding unit as well as the product line Tail and Passenger Lifts.

Business performance in 2024

EBITDA in the other non-reportable segments unit amounted to EUR -21.7 million in 2024 after EUR -37.4 million in fiscal year 2023, while EBIT for the unit was EUR -44.2 million after EUR -59.3 million in the previous year. The successful course and group-wide initiatives from the previous years were continued. The focus was on digitalization and innovation and aligning the organization for further growth.

EUR thousand	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Revenue	14,098	13,110	12,908	12,883	27,055	29,633	26,012	22,189
EBITDA	-8,343	-6,070	-16,339	-6,669	-11,338	-5,040	-6,034	665
EBIT	-12,797	-15,715	-19,421	-11,336	-16,424	-9,956	-11,037	-6,784

Income statement (EUR thousand)	2023	2024	in % of Group
External revenue	52,999	104,887	4.4%
EBITDA	(37,421)	(21,747)	(7.8%)
Depreciation, amortization and impairment	21,848	22,453	24.6%
EBIT	(59,269)	(44,200)	(23.8%)

RISK REPORT

RISK MANAGEMENT SYSTEM[1]

- **Volatile economic outlook characterizes risk position**
- **Russian war of aggression against Ukraine remains significant risk**
- **Geopolitical uncertainties gaining in importance**

PALFINGER risk management serves the early and comprehensive identification, assessment and monitoring of risks within the PALFINGER Group as well as ensuring the definition and implementation of appropriate mitigation measures. Risk management supports the achievement of operational and strategic objectives. GRC controls and coordinates the risk management process and reports directly to the Executive Board. The risk management process is documented in a group-wide policy.

Risk identification: PALFINGER defines risk as the possibility of a positive or negative deviation from planned results. All significant strategic and operational risks are discussed between GRC and the responsible management and experts. The identified risks are documented in a standardized catalogue.

Risk assessment: Risks are assessed in dialogue with the global and corporate functions as well as experts from the respective divisions. The assessment dimensions include the potential financial impact on the Group EBIT and the probability of occurrence. The relevance of individual risks for the PALFINGER Group is determined on this basis.

Risk Reporting: The group's risk position is reported to management as part of the planning process. The Executive Board and Supervisory Board are regularly informed about the material risks facing the group.

Risk management and monitoring: The decision on whether to mitigate or accept a risk is based on monetary considerations, taking into account the overall risk determined for PALFINGER and the impact on the long-term market position. The responsible management defines mitigation measures jointly with GRC. In order to ensure the implementation of these measures and the management of risks, centralized monitoring is carried out by GRC.

[1] This section fulfills the disclosure requirements of the European Sustainability Reporting Standards (ESRS), which are applied in the consolidated non-financial statement as part of Palfinger's management report (ESRS 2-GoV-5.36a, ESRS 2-IRO-1.53e).

RISK EXPOSURE

Risk exposure is influenced by uncertainty regarding future economic developments. Given the still subdued economic development, particularly in EMEA, along with the geopolitical situation, the outlook is cautious. The impact on PALFINGER will largely depend on the extent and duration of the economic downturn. To minimize risks, structural costs are being strictly controlled and sales measures implemented.

The effects of Russia’s war of aggression against Ukraine continue to pose major challenges for PALFINGER. It remains difficult to assess the Russian government’s future behavior towards foreign investors. After expropriations of foreign investors or enforced disposals in strategic areas, the broader application of such measures cannot be ruled out. In addition, there is a risk of deconsolidation due to a change in prevailing expert opinion on the full consolidation of Russian subsidiaries.

The relationship between China and Taiwan represents an additional geopolitical risk, which could potentially impact global supply chains for electronic components. In addition, the conflicts in the Middle East can also have a significant impact on global supply chains, particularly in shipping.

For PALFINGER, it is essential to ensure that its product portfolio remains competitive in the future. There is a risk that certain products or product lines could lose their competitive edge or fail to maintain their price-performance ratio.

The lack of qualified employees is another strategic risk that could have a negative impact in the medium to long term.

The risks identified and assessed in the course of the enterprise risk management process are grouped into the following categories: politics, economy, social, technology, environment, legal and internal risks.

Sustainability risks are also taken into account in the process and in reporting to ensure that data on climate and environmental protection, social and employment law issues, human rights, and preventing corruption is systematically recorded and their effects taken into account in the overall risk position. In the course of the risk management process, implications of individual risks resulting from climate change were also taken into account. As a result of implementation of the Corporate Sustainability Reporting Directive (CSRD), the analysis also includes long-term risks that extend beyond the timeframe of strategic financial planning.

The main strategic and operational risks of the PALFINGER Group are described in more detail in the following table:

Risk category	Risk description	Risk minimization measures
Politics		
Expropriation of the Russian business Deconsolidation of the Russian business	In connection with the situation in Russia, there is a risk that the Russian companies may be taken over by an external administrator by law as a result of legislative measures. Due to a potential change in prevailing opinion on the full consolidation of Russian subsidiaries, there is also a risk of deconsolidation.	The Russian business will continue to operate autonomously. The situation regarding the deconsolidation risk is under continuous observation.
Escalation in China / Taiwan Geopolitical impacts on supply chains	A potential escalation of the situation between China and Taiwan might result in sanctions, blockades, or outright war. This would particularly affect global supply chains in the electronics sector, which in turn would have a negative impact on subsequent stages of production. As a company operating on a global scale, PALFINGER is exposed to the risk of further geopolitical conflicts, which could also adversely affect supply chains.	Alongside an EU initiative to expand capacities for the production of electrical components in the EU, PALFINGER employs a strategy of multiple sourcing in different regions t to further reduce risk.
Economy		
Economic development of sales market	The negative economic development (particularly in EMEA) has resulted in a lower level of order intake, which may significantly impact sales and earnings. Over the medium to long term, the economic cycle generates significant uncertainty (both positive and negative) regarding the achievement of targets across all key markets where PALFINGER operates.	To minimize risks, structural costs are being strictly controlled, the output adjusted and sales measures implemented. The S&OP cycle enables short-term control. Over the long term, the development of growth markets leads to risk mitigation by diversifying across different geographical areas.
Bad debt	PALFINGER grants customers payment terms. The adverse economic development in specific regions increases the short- and medium-term risk of bad debt losses.	The process for monitoring credit limits and receivables was standardized across the group and the group policies were updated. Dealers' financials are subject to both scheduled annual reviews and unscheduled ad-hoc assessments throughout the year.
Purchase prices for components	While there is good visibility regarding purchase price developments for 2025, the forecast for 2029 is vague. Significant risks may arise from price fluctuations, particularly if additional costs cannot, or can only partially, be passed on to customers.	The relevant purchase markets undergo continuous analysis. Agreements with strategic partners are concluded for the long term. The strategy of multiple sourcing provides increased negotiating power.
Exchange rate risk	Given its international orientation, PALFINGER is exposed to the risk of exchange rate fluctuations, with the EUR/USD exchange rate being the most relevant pair of currencies.	Within the scope of Financial Risk Management, Corporate Treasury continuously monitors and manages foreign exchange risks.
Social		
Shortage of qualified personnel	For PALFINGER, its employees are a key success factor. A lack of qualified employees inhibits the company's growth and jeopardizes its position as a market and innovation leader. A number of long-term trends are affecting this strategic risk – the competition for talent; manual activities becoming less attractive; retirement of the baby boomer generation.	Measures such as employer branding activities, expanding training programs, a standardized assessment process, offering benefits programs (e.g., PALfit), and providing ongoing employee training are implemented to reduce this risk. Additionally, strategic succession planning will be established as a key management tool in the medium term.

Risk category	Risk description	Risk minimization measures
Technology		
Competitiveness of the product portfolio	Product development projects can be costly and complex or require higher upfront costs and longer development time. Changes in legal and regulatory requirements, including those relating to sustainability, may delay product development or result in additional development costs. A loss of competitiveness in individual product lines could position PALFINGER at a strategic disadvantage and damage the PALFINGER brand.	Measures such as the PALFINGER Development Process, a targeted strategy (Go for Solutions, Go Digital) and significant investments in research and development counteract this risk.
Cybercrime Loss of sensitive information	The risk of cybercrime remains high with the advance of digitalization and will continue to grow in importance in the medium term. As a global company, PALFINGER is a potentially interesting target and has already fallen victim to such an attack. Over the long term, the role of industrial espionage as a driver for cybercrime is anticipated to rise, representing a significant risk for PALFINGER, given its extensive technological assets.	Technical preventive measures have been implemented to minimize risk. All technical and operational preventive measures undergo continuous improvement, for example by implementing the requirements of the NIS2 Directive, which is presently underway.
Product defects / warranty	A varying level of maturity in the implementation of quality assurance standards and processes poses a significant risk in terms of warranty and associated costs. Over the longer term, the strategy of outsourcing also leads to increasing volumes and greater dependency on external suppliers. There is a risk that the implementation of quality assurance standards and processes falls short of expectations. Shortcomings in product quality also expose the PALFINGER brand to reputational damage.	PALFINGER’s production sites are integrated into the group-wide quality management system, which mandates the continuous rollout of site certifications, for example in compliance with ISO 9001 (quality) and 3834x (welding). A specific vetting process is in place for selecting strategic suppliers, who are then subjected to regular audits.
Environment		
Carbon footprint	Regulatory requirements (particularly in the EU), alongside increasing demands from certain stakeholder groups (e.g., investment funds, banks and certain customer segments) are amplifying the pressure to reduce the carbon footprint of PALFINGER's own production and throughout the entire value chain. This includes the possibility of participating in initiatives aiming to meet the Paris climate target of 1.5°C. The risk describes the long-term uncertainty that PALFINGER’s efforts will either fall short of these expectations, potentially leading to financial damage and a reputational risk, or whether PALFINGER will be able to establish itself among competitors as a provider of solutions with above-average sustainability.	Sustainability is one of PALFINGER's strategic programs. Following a group-wide materiality analysis conducted in 2023/24, the sustainability aspects of significance for PALFINGER were identified and are addressed through targeted projects. This also includes the systematic reduction of greenhouse gas emissions.

Risk category	Risk description	Risk minimization measures
Legal		
Legal disputes	The propensity for conflict among economic operators is increasing worldwide, particularly in the NAM and EMEA regions, but also in China and India. This development could lead to significant financial and reputational risks in the long term, and jeopardize target achievement.	Active contract management, involving business partners on the sales and procurement sides, mitigates this risk, depending on the negotiating position in each case.
Restrictions due to intellectual property (IP) rights	Product development is increasingly confronted with existing intellectual property rights (patents, etc.). Inventions that have already been patented cannot be used, or can only be used at additional costs (licensing fees). The advance of digitalization is leading to a proliferation of software patents from other market participants with much larger product development budgets.	Active IP management (within the PLM&E function) serves to safeguard PALFINGER's own developments and to identify intellectual property rights that have already been registered at an early stage. For this purpose, a dedicated IP Council has been established to strategically manage this issue.
Compliance violations	As a global company, PALFINGER is subject to a large number of local laws, international standards and legal practices. Significant compliance issues for PALFINGER include fraud and corruption, sanctions and export control, antitrust law, data protection, capital market compliance, human rights, and environmental standards. Violations may result in consequences such as fines and claims for damages.	Key compliance risks are routinely identified through risk assessments at regional level. A binding Code of Conduct forms the basis for employees and PALFINGER partners. The implementation of specific compliance requirements (e.g., anti-corruption, sanctions compliance and antitrust law) is mandated by relevant group policies. A group-wide compliance training program raises employee awareness.
Impairment of assets	If the market situation deteriorates, there is a risk that individual assets will have to be adjusted for legal reasons to reflect a changed valuation or that investments will not be amortized as planned.	Improvements have been made to planning and management processes, allowing for continuous adjustments of costs and outputs. Ongoing monitoring is in place to identify any indicators that necessitate adjustments to asset valuations.

FURTHER LEGAL INFORMATION

DISCLOSURES PURSUANT TO § 243A UGB

As of December 31, 2024, the share capital of PALFINGER AG was EUR 37,593,258 divided into 37,593,258 no-par value bearer shares. Each PALFINGER share entitles the holder to one vote at the Annual General Meeting.

PALFINGER holds treasury shares amounting to 2,826,516. This equals to 7.5 percent of the company's share capital.

	2023/31/12	Accruals	Outflows	31.12.2024
Treasury shares	2,826,516	-	-	**2,826,516**
Proportion of the share capital in %	7.5	-	-	**7.5**
Proportion of the share capital in EUR thousand	2,827	-	-	**2,827**

According to Section 65 (5) AktG, the company is not entitled to any rights from its own shares.

PALFINGER AG is not aware of any restrictions regarding the voting rights of the PALFINGER shares and their transferability, including restrictions agreed on between shareholders. Nor are there any PALFINGER shares with special control rights.

There is no employee stock option plan within the PALFINGER Group, and no equity investment system in which an employee does not directly exercise the voting rights for their shares in PALFINGER AG.

Furthermore, there are no provisions in the Articles of Association that go beyond the statutory provisions on the appointment of the Executive Board and Supervisory Board members and on amendments to the Articles of Association.

The agreements on promissory note loans include change of control clauses.

In the event of a change of control, the members of the Executive Board also have the right to resign and terminate their employment contracts. In this case, the Executive Board member is entitled to a severance payment of up to two years' total compensation, up to a maximum of the outstanding term of the employment contract.

EXPECTED DEVELOPMENT OF THE COMPANY

- **Order backlog extends into the 3rd quarter of 2025**
- **Muted economic growth in Europe**
- **Financial aims 2027**

The economic environment remains challenging, primarily due to geopolitical and trade policy uncertainties. The current order backlog extends into the third quarter of 2025. However, visibility remains limited until the end of the year. As in the previous year, PALFINGER will focus in 2025 on further enhancing resilience through the optimization of working capital, stringent investment management and targeted cost reductions while also seizing opportunities in its sales markets.

In Europe, a moderate economic recovery is expected in 2025. Due to the economic policy measures of the new U.S. administration, increased domestic demand and correspondingly high order intake are anticipated in the US. Supported by economic recovery in Argentina and Brazil, further growth is expected in LATAM. In APAC, India and Vietnam are developing particularly well, positioning themselves as key growth drivers for PALFINGER. Additional growth potential arises from the globally strong offshore area and the expanding service business for cruises, further benefiting the marine sector.

For 2025, PALFINGER expects a stable revenue compared and solid profitability. By 2027, PALFINGER aims to achieve revenue of EUR 2.7 billion, an EBIT margin of 10 percent, and a Return on Capital Employed (ROCE) of over 12 percent.

CONSOLIDATED NON-FINANCIAL STATEMENT

This consolidated non-financial statement was prepared in accordance with the Austrian Sustainability and Diversity Improvement Act (NaDiVeG), which implements EU Directive 2014/95/EU. It deals with the material sustainability issues of PALFINGER.

Pursuant to Section 267a of the Austrian Business Code (UGB), certain topics must be addressed in the non-financial statement if they are relevant to an understanding of the impact of the Company's activities. In this report, these topics are covered in the following chapters: E1 and E5 (environmental matters), S1 and S2 (employee matters), as well as S1 and S2 (respect for human rights) and G1 (anti-corruption and bribery).

The consolidated sustainability report was prepared in accordance with Article 29a of the Accounting Directive (B-RL) and complies with the European Sustainability Reporting Standards (ESRS) and the EU Taxonomy Regulation.

1. GENERAL INFORMATION

1.1 ESRS 2 GENERAL DISCLOSURES

1.1.1 Basis for preparation

1.1.1.1 BP-1 – General basis for preparation of sustainability statements

(ESRS 2-BP-1.5a):
The consolidated sustainability statement was prepared in compliance with the European Sustainability Reporting Standards (ESRS) and the Austrian Sustainability and Diversity Improvement Act (NaDiVeG, section 267a of the Austrian Business Code). In the reporting year 2024, PALFINGER is not yet required to report according to ESRS, as the implementation of the Corporate Sustainability Reporting Directive (CSRD) into Austrian law has not yet taken place. However, it is already applying it voluntarily.

(ESRS 2-BP-1.5b):
The sustainability statement includes all consolidated companies in the PALFINGER Group, as shown in the list of shareholdings.

(ESRS 2-BP-1.5c):
The analysis of the significance of impacts, risks and opportunities also took into account the upstream and downstream value chain. In the upstream value chain, the focus was on steel production and steel processing with regard to emissions, resource use and labor in the value chain. In the downstream value chain, the analysis encompassed both dealers and end customers, focusing on the impacts, risks and opportunities arising from product use, circular business models and the workforce in the value chain.

Policies, measures and targets are pertinent to the organization and not to the entire value chain, with the exception of the Code of Conduct for Business Partners, which applies to all of PALFINGER's business partners.

Apart from Scope 3 emissions, key figures relate only to the PALFINGER Group.

1.1.1.2 BP-2 – Disclosures in relation to specific circumstances

(ESRS 2-BP-2.9):
The standard definitions of short-, medium- and long-term defined by ESRS 1 section 6.4 are applied. Short-term describes a time horizon of up to one year. Medium-term refers to a time horizon of between one and five years. A long-term time horizon is defined as a period of more than five years.

(ESRS 2-BP-2.10 and 11):
In cases where no real data is available, well-founded estimates and assumptions are used. The actual values may differ from these estimates.

For determining Scope 3 emission values, secondary data and estimates based on expenditure-related emission factors, as well as operating times and product lifespans, are used (see E1-6). For determining the circular economy metrics (E5-4 and E5-5), estimates of weight and recycling rates were used if no primary data was available. A detailed explanation of any estimates is provided directly with the relevant metrics.

Estimates were also applied in the preparation of the climate risk analysis, resulting in outcome uncertainties (for details, see E1 SMB-3).

(ESRS 2-BP-2.13):
Due to the first-time implementation of ESRS reporting standards, there is limited comparability with the previous year.

(ESRS 2-BP-2.14):
Inaccuracies were identified in the reporting of Scope 2 emission levels for 2022 and 2023. The consumption of renewable energy could not be verified for the reported values of one location. A retrospective correction of these calculations has been made. The revised figures and further details can be found in section E1-6.

(ESRS 2-BP-2.16):
PALFINGER makes use of the option to incorporate information by reference in accordance with section 9.1 of ESRS 1. The table below lists the disclosure requirements that are included by reference.

Disclosure Requirement	Data point	Reference
GOV-1 – **The role of the administrative, management and supervisory bodies**	ESRS 2-GOV-1.21a&b ESRS 2-GOV-1.21c ESRS 2-GOV-AR 5 G1-GOV 1.5b	Corp. Governance Report on page 157 ff. Consolidated Financial Statement on page 242-243
GOV-5 – **Risk management and internal controls over sustainablity reporting**	ESRS 2-GOV-5.36a	Management Report (Risk report) on page 38
SBM-1 – **Strategy, business model and value chain**	ESRS 2-SBM-1.42a ESRS 2-SBM-1.42b	Management Report (Procurement and Supply Chain Management, Strategy) on page 12-15 and 26-27
IRO-1 – **Description of the processes to indentify and assess material impacts, risks and opportunities**	ESRS 2-IRO-1.53e	Management Report (Risk report) on page 38
S1-1 – **Policies related to own workforce**	S1-1.24a & b	Corp. Governance Report on page 162

1.1.2 Governance

1.1.2.1 GOV-1 – The role of administrative, management and supervisory bodies

(ESRS 2-GOV-1.21a&b):

The composition and diversity of the members of the Executive Board and Supervisory Board is disclosed in the Corporate Governance Report in the “Executive Board and Supervisory Board” section as well as in Note (59) of the Consolidated Financial Statement.

After expiration of the term of office of two employee representatives, only one Supervisory Board member was delegated by the works council between the end of March 2023 and mid-August 2023. Additional members were delegated with effect from August 16, 2023, bringing the total number of members delegated by the works council back to three. Hubert Palfinger is the Chairman of Supervisory Board; Gerhard Rauch and Hannes Palfinger have been appointed as Deputy Chairmen.

Further details on the number of executive and non-executive members can be found in the Corporate Governance Report.

(ESRS 2-GOV-1.21c):

The composition of the members of the Supervisory Board is structured by functions.

Name	Executive / Supervisory Board	Sector expertise	Product expertise	Geographical expertise
Andreas Klauser	Chief Executive Officer	mechanical engineering and industry	entire product range	Global, previously EMEA, USA
Felix Strohbichler	Chief Financial Officer	mechanical engineering and industry	entire product range	Global, previously EMEA
Alexander Susanek	Chief Operating Officer	mechanical engenieering and automotive industry	entire product range	Global
Maria Koller	Chief Human Ressources Officer	automotive industry	entire product range	Global
Hubert Palfinger	Chairmen of the Supervisory Board	industry, real estate	entire product range	Global
Gerhard Rauch	First Deputy Chairmen	bodywork and automotive construction	entire product range	Austria and Switzerland
Hannes Palfinger	Second Deputy Chairmen	industry, real estate	entire product range	Global

Further functions of members of the Supervisory Board are outlined in the Corporate Governance Report.

(ESRS 2-GOV-1.21d):

With Maria Koller, the Executive Board of PALFINGER now has a female member since January 2024, bringing the female representation to 25 percent. The Supervisory Board had three female members in 2024, making up 33 percent of its composition.

(ESRS 2-GOV-1.21e):

Based on the criteria for the Supervisory Board’s independence as stipulated by Annex 1 of the Corporate Governance Code, C-Rules no. 39 and no. 53 (independence of the Supervisory Board and independence of committee members) have not been fulfilled. In 2024, 78 percent of the members of the Supervisory Board were independent.

(ESRS 2-GOV-1.22a):

The Executive Board and the Supervisory Board are responsible for monitoring the impacts, opportunities and risks relating to sustainability issues. As stipulated by the Supervisory Board’s rules of procedure, the Supervisory Board can form committees from among its members to address specific tasks. The Audit Committee is responsible for monitoring sustainability reporting as a component of the Management Report.

(ESRS 2-GOV-1.22b):
Sustainability is the overall responsibility of the Executive Board. As stipulated by the Executive Board's rules of procedure, sustainability management is the responsibility of the Chief Executive Officer, while sustainability reporting is the responsibility of the Chief Financial Officer.

(ESRS 2-GOV-AR 5):
Regarding the expertise of the Executive Board and the Supervisory Board, reference is made to the profiles of the Executive Board and the Supervisory Board in the Corporate Governance Report.

(ESRS 2-GOV-1.22c):
A Sustainability Council has been established as an interdisciplinary steering committee for sustainability to manage the topic of sustainability and its effects, risks and opportunities across all areas of the organization. This council includes the heads of the global and corporate functions People Development, Product Line Management & Engineering, Marketing and Communications, Process & Quality Management, Strategy & Sustainability, and GRC/Group Accounting & Taxes. The Sustainability Council reports directly to the Executive Board. The Executive Board informs the Supervisory Board on a quarterly basis about current sustainability issues and the progress of sustainability activities. The Supervisory Board thereby fulfills its control function.

The Sustainability Council's core tasks are: developing the sustainability strategy, which is closely interwoven with the business strategy; defining targets; determining measures; and tracking measures. The resolutions of the Sustainability Council form the basis for the decisions proposed to the Executive Board. The respective global and corporate functions are responsible for implementing the defined measures.

(ESRS 2-GOV-1.22d):
Based on the proposals of the Sustainability Council, the Executive Board decides on the definition of targets with respect to key impacts, opportunities and risks. The Executive Board is briefed quarterly by Sustainability Management and the sustainability reporting team about the activities and resolutions of the Sustainability Council and about the progress made in achieving these targets.

(ESRS 2-GOV-1.23):
The Sustainability Council reports directly to the Executive Board. By approving the sustainability strategy, corporate policies and targets, the Executive Board ensures that impacts, risks and opportunities are addressed accordingly. The Executive Board receives ongoing advice from experts in sustainability management and reporting, engages in continuous dialogue with external stakeholders on sustainability issues and receives regular information from internal and external experts on sustainability topics, standards and best practices.

The Audit Committee is responsible for monitoring the sustainability reporting process and receives information and updates on sustainability matters from external consultants.

(G1-GOV 1.5a)
The Executive Board manages the operational responsibilities for the individual segments, product lines, business areas, and functions. Additionally, the Executive Board is represented in the management of various Austrian and German PALFINGER holding companies. The Supervisory Board of PALFINGER AG oversees the management and advises the Executive Board on significant decisions. The foundation for corporate governance that adheres to the principles of good corporate governance is formed by open discussions between the Executive Board and the Supervisory Board, as well as within these bodies, which have a long tradition at PALFINGER.

The establishment of an adequate internal control and risk management system is the responsibility of the Executive Board of PALFINGER AG. To this end, it has adopted group-wide binding guidelines and installed a corresponding internal control system. The Audit Committee of the Supervisory Board is responsible for monitoring the accounting process and the effectiveness of the internal control and risk management system. The Executive Board presents the most important developments, findings, and optimization measures in the regular meetings of the Supervisory Board.

Corporate Internal Audit is an important tool for the Executive Board to monitor corporate processes. It audits and evaluates internal controls and governance processes as part of a risk-oriented audit plan. Corporate Internal Audit reports directly to the Executive Board and helps identify weaknesses and propose improvements.

The Executive Board ensures that the company complies with all relevant legal regulations and internal guidelines. This includes the implementation of a compliance management system aimed at preventing legal violations and minimizing potential liability risks. The Executive Board is also responsible for fostering a corporate culture based on integrity and ethical behavior. As a global company, PALFINGER ensures through its Code of Conduct that all its business activities adhere to the same code of conduct. Further group guidelines specify the Code of Conduct on selected topics.

(G1-GOV 1.5b)
Tables and descriptions of the Executive Board and Supervisory Board can be found in the Corporate Governance Report.

1.1.2.2 GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

(ESRS 2-GOV-2.26a):
The Sustainability Council reports quarterly to the Executive Board on material impacts, risks and opportunities, the implementation of due diligence in the area of sustainability and the results and effectiveness of the policies, actions, metrics and targets adopted to address them. The Executive Board also reports to the Supervisory Board on the above-referenced matters on a quarterly basis.

Further details in this regard can be found in section GOV-1.22c.

(ESRS 2-GOV-2.26b):
In the process of making decisions on important transactions, Corporate Strategy & Sustainability conducts a due diligence review that has been expanded to incorporate the specific consideration of sustainability requirements. The impacts are assessed and discussed with the administrative and management bodies. As part of the annual risk management process, the financial opportunities and risks are assessed and reported to the Executive Board.

(ESRS 2-GOV-2.26c):
In the reporting period under review, the Executive Board mainly addressed the following material impacts, risks and opportunities:

- Greenhouse gas (GHG) emissions from the use of energy sources for captive consumption
- GHG emissions from the use of fossil primary energy sources to generate electricity and heat for production processes
- GHG emissions from the use of products sold
- Energy consumption in the organization's operational activities
- Creation of attractive employment opportunities through training and development options
- Creation of attractive employment opportunities by embracing diversity in the workforce and integrating it into corporate culture
- Working conditions that may cause physical health problems
- Ensuring health and safety in the workplace (occupational health and safety system, protective equipment)
- Avoiding accidents through preventive measures
- Contribution to corporate culture through mission statement and code of conduct
- Preventive measures to avoid violations of rules (e.g., compliance management)

1.1.2.3 GOV-3 – Integration of sustainability-related performance in incentive schemes

(ESRS 2-GOV-3.29a):
The monetary remuneration of the Executive Board comprises multiple different components. In addition to the fixed remuneration (basic salary), there is a short-term variable performance bonus (short-term incentive; STI) and a long-term variable performance bonus (long-term incentive, LTI).

The remuneration of the Supervisory Board is composed of a basic remuneration for Supervisory Board activities and membership in committees, and an attendance fee for participation in Supervisory Board and committee meetings.

(ESRS 2-GOV-3.29b, 29c, 29d):
The Executive Board's long-term incentive (LTI) is based on financial and non-financial performance criteria. In 2024, the financial performance criterion was weighted at 80 percent and the non-financial performance criterion (sustainability target) at 20 percent, with two indicators (accident rate and Scope 1 and 2 emissions) being defined. The remuneration criteria of the Supervisory Board are not tied to non-financial performance criteria.

(ESRS 2-GOV-3.29e):
The remuneration policy was approved by the Annual General Meeting.

(E1-GOV-3.13):
PALFINGER has established a GHG emission reduction target for Scope 1 and 2 and incorporated this target into the remuneration structure for its Executive Board members. Ten percent of the long-term variable performance bonus is linked to climate considerations. Performance evaluation was based on the GHG emission targets reported under E1-6. More details on the targets can be found in section E1-4.

1.1.2.4 GOV-4 – Statement on due diligence

(ESRS 2-GOV-4.30; 32):

Core elements of due diligence	Paragraphs in the sustainablity statement
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
	ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes
	ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
	ESRS 2 SBM-2: Interests and views of stakeholders
	ESRS 2 IRO-1: Beschreibung des Verfahrens zur Ermittlung und Bewertung der wesentlichen Auswirkungen, Risiken und Chancen
	ESRS 2 MDR-P: Konzepte zum Umgang mit wesentlichen Nachhaltigkeitsaspekten
Identifying and assessing adverse impacts	ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities
	ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model
Taking actions to address those adverse impacts	ESRS 2 MDR-A: Actions and resources in relation to material sustainability matters
Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-M: Metrics in relation to material sustainability matters
	ESRS 2 MDR-T: Tracking effectiveness of policies and actions through targets

1.1.2.5 GOV-5 – Risk management and internal controls over sustainability reporting

(ESRS 2-GOV-5.36a):

The risks and opportunities arising from the sustainability reporting are integrated into the company's operations as well as the existing risk management processes and structures. Information on risk management systems and processes is described in the risk report.

The internal control system defines risks and controls for the following sub-processes:

- Collecting and processing ESG data
- Validating data for completeness and accuracy
- Calculating metrics
- Validating metrics calculations
- Preparing draft report
- Preparing external ESG reporting

(ESRS 2-GOV-5.36b, c and d):

To address the process risks associated with sustainability reporting, control mechanisms are implemented for both quantitative and qualitative data points by applying the dual control principle throughout the sub-processes outlined above. Local data experts provide the relevant ESG data. Data quality assurance is conducted by the relevant function through the Group Key Performance Indicator (KPI) Officer at group level. The functions then validate the data, prepare variance analyses as needed or request documentation for substantiation. The Group KPI Officer subsequently confirms that the data is complete and free of errors.

There is a risk that significant ESRS topics may become insignificant due to changes in business operations or the business environment, which could lead to incorrect information and misrepresentations. To prevent this, the materiality analysis is reviewed and adjusted annually. Additionally, there is a risk that incorrect or inappropriate ESRS subtopics may be identified. This risk is minimized by the review and approval of the materiality analysis by the Sustainability Council and the Executive Board. Furthermore, there is a risk that ESG concepts do not cover the impacts, risks, and opportunities defined in the materiality analysis. To prevent this, ESG concepts, measures, and goals are regularly reviewed. Finally, there is a risk that concepts, measures, and goals are disclosed that do not meet all minimum disclosure requirements. Incorrect qualitative and quantitative data points could also be included in the sustainability reporting, leading to the risk of misrepresentation of report contents. Regular reviews ensure that these are correct and appropriate.

To continuously improve the ESG Internal Control System (ICS), subprocesses (including the steps formulated in § 36a) have been defined and the associated process risks identified. On this basis, improvement measures will be defined in the 2024/2025 financial year, and the project will be complemented with complete process documentation.

(ESRS 2-GOV-5.36e):

The findings from the internal controls conducted during the external ESG reporting process are communicated by Group Accounting & Non-Financial Reporting to the head of the GRC/Group Accounting & Taxes function.

1.1.3 Strategy

1.1.3.1 SBM-1 – Strategy, business model and value chain

(ESRS 2-SBM-1.40a):
PALFINGER organizes its operations into two segments: Sales and Service, and Operations. The Sales & Service segment includes the sales and service units. The Operations segment consists of the production sites and the respective production share of a company.

PALFINGER operates globally across various markets, segmented into the regions of EMEA, NAM, LATAM, CIS and APAC. With sales of 57.8 percent, EMEA emerged as the most important region in 2024. The Marine sector operates independently of these regional divisions, serving a global market.

There were no changes to products or product bans in the reporting year. PALFINGER offers the following product lines and services:

- Loader crane

PALFINGER's main product is the hydraulic loader crane. In this segment, PALFINGER is the world market leader with more than 100 models.

- Timber and recycling cranes

PALFINGER EPSILON cranes are high-performance products for the forestry, recycling and construction industries. They are mainly characterized by their exceptional working speeds and wide range of functionalities.

- Hooklifts and skiploaders

PALFINGER is a manufacturer of container handling systems. Mounted on trucks, hooklifts and skiploaders facilitate the efficient and non-abrasive loading and unloading of containers.

- Tail lifts

Tail lifts facilitate the safe loading and unloading of trucks and are synonymous with cost efficiency, flexibility and a high level of operating comfort for users.

- Aerial work platforms

With a working height ranging from 13 to 90 meters, PALFINGER aerial work platforms offer versatility for a broad range of applications, including leasing and rental operations, local authorities, landscaping/gardening, energy supply, the cleaning of structures and buildings and the maintenance and repair of wind turbines.

- Truck-mounted forklifts

PALFINGER's truck mounted forklifts are special forklifts that can be taken along on trucks.

- Railway systems

The wide range of PALFINGER's railway systems is used for the construction and maintenance of railways tracks and catenary systems. Special cranes, access platforms and positioners operate with utmost precision and meet the highest safety standards.

- Passenger lifts

PALFINGER develops and manufactures access systems. This means accessibility in public transport for people with reduced mobility in wheelchairs. PALFINGER passenger lifts are installed in buses, trams and trains worldwide.

- Marine cranes

PALFINGER offers a comprehensive range of foldable knuckle boom, stiff boom and telescopic boom cranes for various applications. PALFINGER's products are designed to withstand extremely high strain in order to meet the safety standards and extreme environmental conditions of the marine industry.

- **Winches and offshore equipment**

PALFINGER MARINE produces deck winches, lifting and handling equipment, bulk and bunker handling equipment for the oil and gas industry and the marine sector.

- **Offshore cranes**

PALFINGER MARINE has a longstanding tradition of providing customized marine and offshore cranes to the oil, gas and offshore industries and the marine sector on a worldwide scale.

- **Davit systems**

Davit systems are designed for long-time operation under especially harsh conditions in a demanding marine environment.

- **Boats**

All PALFINGER boats and outboard engines are designed as part of a complete rescue system, taking davit, access and launching procedures into consideration.

- **Wind cranes**

PALFINGER produces wind cranes for nacelles, platforms, substations and transformer stations.

- **Service**

For customers and dealers, the service sector, along with price and product quality, is the decisive competitive factor.

(ESRS 2 SBM-1.40a):

Headcount of employees by geographical regions:

Number of employees (headcount)	2023	2024	%
EMEA	7,258	6,734	54.5%
NAM	1,092	1,005	8.1%
LATAM	754	744	6.0%
APAC	315	128	1.0%
CIS	1,620	1,536	12.4%
MARINE	1,120	1,368	11.1%
HOLDING	569	843	6.8%
PALFINGER Group	**12,728**	**12,358**	**100.0%**

(ESRS 2-SBM-1.40e):

There are no sustainability targets related to products and services. All sustainability targets are established at the corporate level.

SUSTAINABLITY STRATEGY

(ESRS 2-SBM-1.40f):

The sustainability strategy is part of the overall corporate strategy. PALFINGER has defined specific goals and measures to achieve its sustainability targets on a global scale. One target is to reduce its own Scope 1 and 2 emissions by an annual rate of one percent relative to the reference year of 2022. A target in respect of employees is to reduce the Total Recordable Incident Rate (TRIR) to a level of 10.2 by 2030. At this time, the sustainability targets do not extend to products, customer categories, geographical regions or stakeholder relationships.

(ESRS 2-SBM-1.40g):
Sustainability is of significant importance in the vision and strategy for 2030. The most important foundations of the sustainability strategy are the analysis of the value chain and the most significant effects, risks and opportunities identified in the materiality analysis. The sustainability strategy is part of PALFINGER's strategic pillars and is articulated in the "Lifting Positive Impact" program. The narrative of the sustainability strategy is outlined below.

LIFTING POSITIVE IMPACT
In terms of sustainability, PALFINGER focuses its efforts where they can achieve the most significant impact. Based on the materiality analysis, PALFINGER has defined five strategic fields of action. The sustainability program "Lifting Positive Impact" is a critical component of the corporate strategy and PALFINGER's ongoing transformation. It is PALFINGER's responsibility to anchor sustainable practices across all of its business processes in order to minimize environmental impacts and promote social progress.

CIRCULAR VALUE CHAINS (CIRCULAR ECONOMY)
Thinking and acting in value chains and cycles is a key approach that PALFINGER follows. This applies to research and development, procurement, production, and the use and disposal phases of the products. The objective is to support customers throughout the entire lifecycle of a product. Achieving this requires a high degree of networking with partners across the global value chain and a keen understanding of the customer's practical applications on-site. Transitioning towards a circular economy is a fundamental task for PALFINGER, given the need to continuously reduce its consumption of resources. Circular economy and supplier management are two important focal points.

The topic of circular economy has been newly incorporated into the sustainability strategy. Specific goals and measures are to be developed next year (see E5-1, E5-2, and E5-3). Challenges exist both in the complexity of the value chain and in product design and technological requirements.

PRODUCT SAFETY AND PROTECTION
PALFINGER solutions must be the safest worldwide. This claim is pursued with dedication and determination, prioritizing the protection of the people working with PALFINGER products s above all else. Product safety also encompasses efforts to ensure that the products have no harmful environmental impacts. Numerous measures and policies have already been implemented to ensure product safety (see S2-1 and S2-4).

With its "Go Digital" strategy, PALFINGER is driving digitalization along its entire production and value chain, merging physical and digital solutions into smart, interconnected machinery. This underscores the close relationship between sustainability and digitalization. Protecting the digital information of users, employees and processes is becoming increasingly important. Security measures are comprehensively designed to safeguard information against unauthorized access, data manipulation or theft.

PEOPLE, VALUES AND CULTURE
PALFINGER's work culture is characterized by a commitment to respectful and healthy workplaces. This culture thrives on teamwork and the collective ambition for long-term success. Attracting and retaining passionate talent enables PALFINGER to push boundaries, unleash creativity and enhance productivity.

PALFINGER is convinced that diverse teams, supported by inclusive and equitable work practices, make the company stronger. By promoting women and individuals from various backgrounds, PALFINGER enhances its organizational strength, better supports its customers, and fosters a sense of appreciation and belonging.

To implement the strategy, policies in the areas of corporate culture, health and safety, working conditions, equal treatment, learning, and development have been implemented, and measures and goals have been set (see S1-1, S1-4, S1-5, and G1-1). Challenges and risks exist particularly in connection with the lack of availability of qualified employees (see S1-SBM3).

CLIMATE CHANGE MITIGATION

PALFINGER's responsibility for reducing GHG emissions extends beyond factory gates. PALFINGER aims to reduce not only its direct emissions, such as those from manufacturing processes, but also indirect emissions caused by the extraction of raw materials and the use of products. By identifying additional opportunities for reduction, PALFINGER aims to further decrease its carbon footprint.

The global community can slow down the climate change that is already taking place, a reality underscored by the increasing frequency of extreme weather events. It is essential that PALFINGER prepares for changing climate conditions and continues to enhance the resilience of its infrastructure, technologies and value chains. In doing so, PALFINGER proactively addresses the opportunities and risks associated with climate change, ensuring the long-term viability of its business models. Measures to reduce emissions have already been initiated or implemented (see E1-3). Challenges particularly exist in reducing Scope 3 emissions in the upstream and downstream value chain, as cooperation with customers and suppliers is essential here. Additionally, clear demand signals are not yet evident in the market environment.

GOVERNANCE AND COMPLIANCE

Governance and compliance in sustainability management means that PALFINGER complies with applicable standards and regulations, including those for the protection of the environment, society and the economy. Governance and compliance are considered a fundamental prerequisite for "good corporate governance" in terms of transparency, decision-making, organizational structure and risk management across the entire group.

Understanding the legal framework surrounding sustainability is crucial. This includes regulations on waste reduction, the use of renewable energy sources and sustainable procurement practices, as well as maintaining transparency in reporting.

Another target is to establish binding guidelines that define roles, responsibilities and processes at PALFINGER. In this way, PALFINGER creates clear structures that support the implementation of its sustainability strategy within the organization.

To implement the strategy, the policies and measures described in Chapter G1 have been implemented.

Value Chain

(ESRS 2-SBM-1.42a):

Key inputs at PALFINGER include raw materials (primarily steel and aluminum) and purchased parts such as cylinders, control systems & mechatronics, hydraulic components and equipment, DIN and standard parts, electronics and cables, vehicle bodies, mechanical parts, motors and pumps. The procurement process is standardized through strategic suppliers (strategic partners) and other supplier groups.

The upstream value chain comprises the following segments:

1. **Raw material extraction:**
    - Mining of metals and other raw materials

2. **Raw material processing:**
    - Machining, shaping and refining of raw materials
    - Production of components

3. **Procurement logistics:**
    - Transportation and delivery of raw materials and components

The internal value chain comprises the following segments:

1. Research and development (R&D):
    - Market research: identifying market needs and technological trends
    - Product management and development: developing new machinery and technologies based on research findings

2. Procurement
    - Purchasing: selecting and qualifying suppliers for raw materials and components. Negotiating and acquiring the necessary materials and parts
    - Inbound logistics: receiving and storing raw materials and components

3. Production:
    - (Component) manufacturing and assembly: manufacturing and assembling the components and products
    - Quality inspection: ensuring that machines meet the relevant quality standards
    - Installation: internal assembly of the products

4. Marketing and sales:
    - Sales promotion: promoting products and acquiring business customers
    - Contract negotiations: concluding contracts and agreements with dealers and end customers

5. Distribution logistics:
    - Packaging and shipping: preparing products for transport

6. Service:
    - Installation and commissioning: support during installation of the products at end customer locations
    - Maintenance and repair: providing services for the upkeep of the machinery

More details on the value chain can be found in the section “Procurement and Supply Chain Management” of the Management Report.

(ESRS 2-SBM-1.42b):
PALFINGER’s mission statement is Lifting Value – Creating Momentum. PALFINGER offers its customers future-oriented solutions at the highest level; responsibly and with a sustainable impact on people, the planet and the success of PALFINGER. As an innovative technology company, PALFINGER creates added value for its customers from the specific challenges they face. The business model is described in closer detail in the section “Strategy” of the Management Report. More information on outputs can be found in section SBM-1.40a.

The downstream value chain comprises the following segments:

1. **Distribution logistics:**
    - **Delivery:** delivery to dealers and end customers

2. **Installation:**
    - **External assembly** of the products

3. **Customer training:**
    - **Training:** educating customers on how to use the products
    - **Support:** providing technical support and advice

4. **Service:**
    - **Installation and commissioning:** support during installation of the products at customer locations
    - **Maintenance and repair:** providing services for product upkeep

5. **Recycling and waste management:**
    - **Returns:** coordinating the take-back of end-of-life or defective products
    - **Recycling and waste management:** environmentally responsible disposal or repurposing of products and components

(ESRS 2-SBM-1.42c):
PALFINGER classifies 700 of its 7,000 suppliers worldwide as strategic partners. The procurement principle "local for local" is implemented by using local partnerships, preferably with globally operating suppliers. In this way, PALFINGER also reduces its ecological footprint and contributes to local value creation.

Distribution is carried out by PALFINGER Group's sales representatives as well as independent general agents and dealers. PALFINGER's global sales and service partner network comprises around 200 general importers and dealers as well as a comprehensive sales and service network in more than 130 countries.

Sales & Service's goal is to provide the best possible customer care, from the first contact with PALFINGER to after-sales service for the products.

Customer segments and markets

CONSTRUCTION INDUSTRY
PALFINGER offers products for structural and civil engineering applications, scaffolding and road construction. PALFINGER's product portfolio includes solutions for the building materials trade, for roofing and stonemasonry work and for window and glass applications.

AGRICULTURE AND FORESTRY
PALFINGER offers customized solutions for fertilizer handling, landscaping or timber processing.

INDUSTRY
PALFINGER offers bespoke solutions for the hydraulic engineering, mining and mechanical engineering segments.

INFRASTRUCTURE
Industrial cleaning is a field of work that often comes with substantial risks. For this reason, PALFINGER's products are engineered with a focus on safety, complying with the strictest standards and offering special work platforms.

RAILWAY
PALFINGER supplies a range of products for bridge inspection, railroad construction and maintenance, including bridge inspection units, aerial work platforms and market-leading railway systems.

GOVERNMENT ORGANIZATIONS
With many years of experience in working together with regional authorities, PALFINGER offers tailored solutions that meet the specific requirements of the public sector.

TRANSPORT AND LOGISTICS
Heavy-duty PALFINGER cranes are designed for the fast and secure transportation of heavy load cargo and are also an optimum choice for efficient container loading.

WASTE MANAGEMENT
PALFINGER's recycling cranes, hooklifts, skiploaders and truck mounted forklifts are used across all areas of waste management.

OFFSHORE | OIL AND GAS
PALFINGER MARINE has a wide range of deck equipment and handling solutions for all types of vessels and fixed and floating installations related to offshore extraction of oil and gas.

MERCHANT | CARGO
PALFINGER MARINE offers a diverse range of products for merchant and service vessels.

PASSENGERS | CRUISE
PALFINGER MARINE offers a wide range of products that are specially designed for the cruise, ferry and yachting markets, including cranes, lifesaving appliances, handling solutions, fenders and global services.

WIND
PALFINGER Marine has been supplying the wind sector for many years with a range of products for wind turbines, transformer stations and wind farm support vessels, offering customized lifting and handling solutions especially for the wind industry.

AQUACULTURE
PALFINGER offers marine cranes for the aquaculture sector.

(ESRS 2-SBM-1.AR 14):

KEY ACTIVITIES, RESOURCES, DISTRIBUTION CHANNELS AND CUSTOMER SEGMENTS
PALFINGER is an innovative technology company specializing in the development, production and sale of lifting and handling solutions. Its key activities include research and development, procurement, production, marketing and sales, distribution logistics and services such as installation, maintenance and repair. The main resources include raw materials such as steel and aluminum as well as various purchased parts, including cylinders, control systems, hydraulic components and electronics. Sales are conducted through a global network of general agents and dealers in more than 130 countries, supported by a comprehensive sales and service network. PALFINGER serves a diverse range of customer segments, including construction, agriculture and forestry, industry, infrastructure, railroads, government organizations, transport and logistics, waste management, offshore oil and gas, merchant shipping, passenger and cruise ships, wind industry and aquaculture.

KEY BUSINESS RELATIONSHIPS AND THEIR MAIN CHARACTERISTICS, INCLUDING RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS
Key business relationships exist with around 7,000 suppliers worldwide, 700 of which are classified as strategic partners. PALFINGER also reduces its ecological footprint and fosters local partnerships through the procurement principle “local for local”. Customer relations are characterized by comprehensive customer care, from the first contact with PALFINGER to after-sales service for the products, supported by an extensive sales and service network.

1.1.3.2 SBM-2 – Interests and views of stakeholders

(ESRS 2-SBM-2.45a&b):
Stakeholders are legal entities or natural persons affected by the company's activities or whose activities influence PALFINGER. Their individual interests and needs are taken into account in a way that is as balanced as possible. For this purpose, PALFINGER maintains an ongoing dialogue with stakeholders. The interests of senior management and employees at PALFINGER are identified in the course of employee interviews and surveys, performance & development reviews, regular meetings with line managers, etc. Continuous and transparent communication with shareholders and lenders is maintained at events and in meetings. Contact with customers and dealers is maintained at international dealer conferences and trade fairs as well as through surveys and direct dialogue. They are also kept up to date via newsletters and included in the continuous improvement process. Dialogue with suppliers, OEMs and strategic cooperation partners is conducted at conferences and through direct contact. Delivery and quality management agreements are concluded with them and their sites are inspected. In return, they are invited to visit PALFINGER sites. PALFINGER maintains a lively exchange with the local community through local media activities as well as through events, plant tours, and other forms of regular direct contact. Additional information as well as the purpose and results of the involvement of the various stakeholder groups can be found in the disclosures on the specific topics in E1, S1 and S2.

The interests and views of PALFINGER's key stakeholders as they relate to the strategy and business model were determined in addition to the ongoing dialogue by means of a stakeholder survey. First, a stakeholder analysis was conducted to identify and prioritize PALFINGER's key stakeholders.

Based on an analysis of driving factors, the relevant topics were identified and defined along the entire value chain, taking account of legal requirements, global trends and benchmarks and identifying the key impacts, risks and opportunities. On that basis, qualitative interviews together with an online survey were conducted with representatives of internal and external stakeholders to ascertain and evaluate the significance of the topics from their perspective. During this process, additional topics, impacts, risks and opportunities were reported. The Executive Board, Supervisory Board, top management and employees, shareholders and debt investors, customers and dealers, suppliers and OEMs were surveyed.

(ESRS 2-SBM-2.45c):
The evaluation of the 2023 stakeholder survey identified the circular economy and product lifecycle responsibility as additional material topics for further consideration. Social issues and the responsible use of IT were considered increasingly important. The findings from the survey were incorporated into the development of the new fields of action "Circular value chains (circular economy)" and "People, value and culture" of the sustainability strategy. Based on the stakeholder survey, the "Circular value chains" field of action was newly implemented, with particular focus placed on product lifecycle responsibility and circular design. The topics of fair pay and employee engagement were added to the "People, value and culture" field of action. For these newly identified fields of action, targets and action will be defined in 2025.

(ESRS 2-SBM-2.45d):
The Sustainability Council reported the findings of the stakeholder survey and their impact on the sustainability strategy to the Executive Board. Additionally, the Audit Committee was briefed on the outcomes.

(S1-SBM 2.12):
PALFINGER products and services are based on the commitment of many people. PALFINGER's success depends on healthy and fairly treated employees. PALFINGER protects the rights of its employees and follows the principles of the United Nations Global Compact initiative and the International Labor Organization (ILO). Both in its Code of Conduct and its group policy on human rights, PALFINGER is committed to safeguarding the interests, views and rights of its employees, including respect for their human rights. This commitment is underscored by the explicit right to freedom of assembly, membership in trade unions and the establishment of works councils.

Employee participation in PALFINGER's business development and strategy is encouraged through various initiatives such as employee surveys, the Innovation Challenge, or the European works council. More information on processes for workforce engagement can be found in section S1-2.

(S2-SBM 2.9):
PALFINGER recognizes that the interests, views and rights of employees within the supply chain are integral part of its business operations and sustainability targets. PALFINGER identifies value chain employees as a key group of stakeholders who could be significantly influenced by PALFINGER's activities. These employees contribute to the various stages of the supply chain, from the extraction of raw materials to the sale of products. Their well-being is essential for long-term business success.

In alignment with its commitment to respect and uphold internationally recognized human rights, including the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, PALFINGER incorporates considerations for value chain employees into its sustainability strategy. This integration mainly occurs within the framework of the "strategic fields of action" for sustainability, particularly in the field of governance.

Value chain employees can be significantly impacted by PALFINGER in several ways, especially when it comes to their working conditions, rights and general well-being. These impacts may result from PALFINGER's decisions and practices related to suppliers, production processes, and market requirements.

1.1.3.3 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

(ESRS 2-SBM-3.48a-c):
Material impacts, risks and opportunities (IROs) identified in the course of the materiality analysis are described in the table below. Positive impacts are indicated by (+), negative impacts by (-). The symbol (↗) is used for opportunities and the symbol (↘) for risks.

		Type of IRO		Value chain			Time horizon		
Sustainability matter	**Impact, risk and opportunity (IRO)**	**Actual**	**Potential**	**Upstream**	**Own operations**	**Downstream**	**Short-term**	**Medium-term**	**Long-term**
E1 - Climate change mitigation									
Climate change mitigation	(-) Greenhouse gas (GHG) emissions from the use of energy sources for captive consumption (e.g., heating and ventilation of own buildings)	x			x		x	x	x
	(-) GHG emissions from the use of fossil primary energy sources to generate electricity and heat for production processes	x			x		x	x	x
	(-) GHG emissions due to changes in land use (e.g., new real property developments)	x			x		x	x	x
	(-) GHG emissions from the use of fossil primary energy sources for employee mobility	x			x		x	x	x
	(-) GHG emissions from the use of products sold	x				x	x	x	x
	(↗) Opportunity to establish a reputation as a provider of solutions with above-average sustainability by reducing the CO2 footprint	x	x		x				x
	(↘) Regulatory and stakeholder requirements regarding carbon footprint reduction (economic and reputational risk)	x	x		x				x
Energy	(-) High level of energy consumption in own operations (e.g., production)	x			x		x	x	x
	(-) High level of energy consumption in the supply chain due to the use of energy-intensive semi-finished products	x		x			x	x	x
E5 - Circular economy									
Resource inflows, including resource use	(-) Consumption of natural resources in operations and in the supply chain	x		x	x	x	x	x	x
	(+) Integration of circularity in product design and innovation development	x			x		x	x	x
	(+) Use of recycled and resource-efficient products and materials in operations and in the supply chain	x		x					x
	(+) Adapting to circularity opens up and fosters opportunities for new business models	x		x	x	x		x	x
Resource outflows related to products and services	(+) Business activities that directly support the circular economy (e.g., sharing, reuse, repair services, leasing)	x		x	x	x		x	x

		Type of IRO		Value chain			Time horizon		
Sustainability matter	**Impact, risk and opportunity (IRO)**	**Actual**	**Potential**	**Upstream**	**Own operations**	**Downstream**	**Short-term**	**Medium-term**	**Long-term**
S1 - Own workforce									
Health and safety (working conditions)	(-) Working conditions that may cause mental health problems	x			x		x	x	x
Health and safety (working conditions)	(-) Working conditions that may cause physical health problems	x			x		x	x	x
Health and safety (working conditions)	(+) Ensuring health and safety in the workplace (e.g., occupational H&S system, protective equipment)	x			x		x	x	x
Health and safety (working conditions)	(+) Avoiding accidents through preventive measures (e.g., training)	x			x		x	x	x
Work-life balance (working conditions)	(-) Demotivation of employees, e.g., due to inflexible working conditions and schedules	x			x		x	x	x
Freedom of association (working conditions)	(+) Provision of safe workplaces through freedom of association and trade unions	x			x		x	x	x
Collective bargaining (working conditions)	(+) Provision of safe workplaces through collective bargaining	x			x		x	x	x
Social dialogue (working conditions)	(+) Provision of safe workplaces by facilitating social dialogue, the existence of works council, and ensuring information, consultation and participation rights of employees				x		x	x	x
Training and skills development (equal treatment and opportunities for all)	(+) Creation of attractive employment opportunities through training and development options	x			x		x	x	x
	(↘) Shortage of qualified personnel		x		x				x
Training and skills development (diversity)	(+) Creation of attractive employment opportunities by embracing diversity in the workforce and integrating it into corporate culture	x			x				x
Employment and inclusion of persons with disabilities (equal treatment and opportunities for all)	(-) Discrimination against specific groups of employees (e.g., persons with disabilities)	x			x		x	x	x
Measurements against violence and harassment at the workplace (equal treatment and opportunities for all)	(-) Work environment that leads to violence and/or harassment in the workplace	x			x		x	x	x
Adequate wages (working conditions)	(+) Ensuring fair wages (e.g., compliance with statutory minimum wages or collective bargaining agreements)	x			x		x	x	x

		Type of IRO		Value chain			Time horizon		
Sustainability matter	**Impact, risk and opportunity (IRO)**	**Actual**	**Potential**	**Upstream**	**Own operations**	**Downstream**	**Short-term**	**Medium-term**	**Long-term**
S2 - Workers in the value chain									
Health and safety (working conditions)	(-) Working conditions that may cause mental or physical health problems	x		x		x	x	x	x
	(-) Physical harm to customers due to inadequate product safety (downstream)	x				x	x	x	x
	(+) Access to (quality) information (labeling and active information) (downstream)	x				x	x	x	x
Child labor (other work-related rights)	(-) Violation of employees' human rights in the value chain (upstream & downstream)	x		x		x	x	x	x
Forced labor (other work-related rights)	(-) Violation of employees' human rights in the value chain (upstream)	x		x			x	x	x
G1 - Business conduct									
Corporate culture	(+) Contribution to corporate culture through joint values, mission statement and code of conduct	x			x		x	x	x
		x			x				x
	(+) Preventive measures to avoid violations of rules (e.g., compliance management)	x			x			x	x
	(+) Commitment to established standards and principles (e.g., SBTi, ISO, SASB, UNGC, SDGs, etc.)	x			x		x	x	x
			x		x		x	x	x
	(+) Transparent and accessible information to foster good stakeholder relationships	x		x			x		
	(↘) Risks arising from compliance violations	x		x				x	x
Management of relationships with suppliers	(+) The positive impacts of fair business relationships on innovation, efficiency, and sustainability	x			x			x	x

(ESRS 2 SBM-3.48b)

Within the framework of PALFINGER's sustainability strategy, material impacts, risks and opportunities have been identified that influence the company's business model, value chain, strategy and decision-making processes. These findings have led to a series of adjustments and planned actions, which are discussed in more detail in the topic-specific chapters. In this manner, PALFINGER is able to respond to impacts, risks and opportunities, and leverage new business opportunities.

New business opportunities related to sustainability

In PALFINGER's estimation, the transformation of the economy and society towards greater sustainability and climate change mitigation opens up market opportunities through new technologies, innovative ideas and new ways of working. The demand for sustainable solutions and services gives rise to development potentials that PALFINGER intends to use, based on its strategic fields of action and the existing business model.

Adjustments and measures

To embrace these opportunities, PALFINGER is working on adapting its strategy and business model accordingly. This includes the integration of sustainability aspects into all business processes and the implementation of initiatives to reduce PALFINGER's own emissions, such as hybrid drive systems or eco-efficiency scoping for products. Additionally, with the continuous exploration and adoption of new technologies and innovative approaches PALFINGER aims to achieve its sustainability targets and simultaneously strengthen its competitiveness.

(ESRS 2-SBM-3.48d & f):

Based on an analysis of the short-, medium-, and long-term impact of climate risks and the company's own climate goals, as well as the risk of a shortage of qualified employees and compliance violations, no significant risks or major future assumptions with uncertainties were identified that would affect the accounting and valuation of individual financial statement items, the resilience of the strategy, or the business model. These findings stem from the climate risk and vulnerability analysis of physical risks and transition risks, as well as from the company's business model and strategic orientation. The methodological approach and outcomes of the scenario analysis are detailed further in sections ESRS 2-E1-IRO-1 and E1-SBM-3.

(ESRS 2-SBM-3.48h):

All identified impacts, risks, and opportunities are covered by the ESRS disclosure requirements. In S2, there are company-specific metrics.

1.1.4 Management of risks, impacts and opportunities

1.1.4.1 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

GENERAL

(ESRS 2-IRO-1.53a and b):
The identification, assessment, and prioritization of potential and actual impacts on people and the environment were carried out across the group for all activities and geographic areas. In the upstream value chain, special focus was placed on the steel industry, as there is an increased risk of adverse impacts. This was determined as part of the materiality analysis based on expert assessments and research.

IDENTIFCATION OF IMPACTS
As part of the materiality analysis, PALFINGER first identified the actual and potential impacts related to environmental, social, and governance issues in its own operations and in its upstream and downstream value chain.

The starting point for identifying the impacts was the list of topics and subtopics summarized in ESRS 1 paragraph AR 16, as well as the results of previous materiality analyses according to GRI. Based on a driver analysis, impacts, risks, and opportunities were identified along the entire value chain, taking into account legal requirements, global trends, and benchmarks.

The involvement of affected stakeholders is an important part of the materiality assessment. For this purpose, the results of an internal stakeholder survey were used (see SBM-2).

When identifying the impacts, those involving participation through own activities or business relationships were also considered.

The result is a long list of impacts for further evaluation and analysis.

ASSESSMENT OF IMPACTS
The identified impacts were assessed according to the criteria for the severity of the impacts. The criteria include the extent, scope, and remediability of actual negative impacts. For potential negative impacts, the company also estimates the likelihood of the impact occurring. For actual positive impacts, the criteria are extent and scope, while for potential positive impacts, the company additionally estimates the likelihood of occurrence. The assessment is conducted separately for the short-, medium-, and long-term time horizons. The evaluation scale for the overall assessment ranged from 0 to 4, with a value of 2.5 defined as the materiality threshold.

For the assessment, workshops were conducted with the respective internally responsible Global Functions and, if necessary, with regional management. Additionally, the results of conducted analyses (climate risk analysis, water stress analysis), internally available data and metrics, reports via the Integrity Line, and online research were used for the assessment.

A prioritization of the highest-rated impacts is carried out as part of the implementation of the sustainability strategy.

MONITORING OF IMPACTS
The results of the materiality analysis regarding impacts were reviewed and approved by the Sustainability Council, then released by the Executive Board and presented to the Audit Committee. The significant impacts are monitored by the respective functions.

(ESRS 2-IRO-1.53c):

IDENTIFICATION OF RISKS AND OPPORTUNITIES

The identification of risks and opportunities was carried out analogously to the impacts (see IRO-1.53b). Risks and opportunities were only identified in areas where impacts are also present. Additionally, a comparison and mapping of the sub-topics to the existing risk inventory and the results of the Compliance Risk Assessment were conducted. PALFINGER understands risk as the possibility of a positive or negative deviation from planned results. All significant strategic and operational risks are discussed between the Governance, Risk & Compliance (GRC) department and the responsible management as well as experts, and identified risks are documented in a standardized catalog.

ASSESSMENT OF RISKS AND OPPORTUNITIES

The assessment of risks is carried out in consultation with global and central functions as well as experts in the respective areas. The assessment dimensions for short- and medium-term risks and opportunities include the potential financial impact on the group's results and the likelihood of occurrence. Long-term risks and opportunities are qualitatively assessed based on their likelihood of occurrence and their potential significant impact on the following criteria: strategy, reputation, operational operations, and business partners. All long-term risks whose impacts were classified as significant in at least three of the four criteria were defined as material. Based on this, the relevance of individual risks for the PALFINGER Group is determined.

MONITORING OF RISKS AND OPPORTUNITIES

The results of the materiality analysis regarding risks and opportunities were reviewed and approved by the Sustainability Council, then released by the Executive Board and presented to the Audit Committee.

All risks are considered equally at PALFINGER, regardless of whether they are general risks or risks related to sustainability issues. The responsible management, together with the GRC department, defines the necessary mitigation measures.

(ESRS 2-IRO-1.53d):

The control procedure consists of the decision and approval by the Executive Board. Additionally, the Supervisory Board receives a report on the overall risk position four times a year as part of its control function.

(ESRS 2-IRO-1.53e):

The identification, assessment, and management of risks and opportunities have been fully integrated into the general existing risk management process.

Further information can be found in the chapter 'Risk Management System' in the Management Report.

(ESRS 2-IRO-1.53f):

The process for identifying, assessing, and managing opportunities is analogous to the risk process.

(ESRS 2-IRO-1.53g):

Input metrics for the materiality analysis include all metrics from the existing ESG reporting and their impact on the group's results, such as energy and emission values, waste and water metrics, HR and compensation metrics, legal reporting metrics, accident reports, and Integrity Line reports.

(ESRS 2-IRO-1.53h):

The materiality analysis was conducted for the first time in 2024 according to ESRS and determined according to the evaluation categories of ESRS 1. The materiality analysis is reviewed annually and renewed in case of significant deviations.

REPORTING ON IMPACTS, RISKS, AND OPPORTUNITIES

The impacts, risks, and opportunities identified as material were assigned to the sub-(sub-)topics of the ESRS, and based on this, the data points to be reported from the topic-specific standards were determined.

CLIMATE CHANGE MITIGATION

PROCESS FOR IDENTIFYING SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES

(E1-IRO-1.20a):

Significant impacts on climate change in Scope 1 and 2 at PALFINGER primarily arise from the use of fossil fuels for heating and production, as well as fuel consumption of the vehicle fleet. For Scope 1 and 2, GHG emissions for 2022, 2023, and 2024 have been published. In Scope 3, the significant impacts come from purchased goods and services (mainly steel and aluminum), the use of sold products, and upstream transportation and distribution. All Scope 3 categories were also published in 2022, 2023 and 2024.

(E1-IRO-1.AR 9):

Activities were reviewed to identify actual and potential future GHG emission sources and, if applicable, causes of other climate-related impacts by calculating the GHG balance for Scope 1, 2, and 3. For Scope 1 and 2, the following steps were taken for calculation:

1. Definition of the system boundary
2. Determination of relevant energy uses at the site level
3. Monthly reporting of energy uses at the site level
4. Plausibility checks and sampling at the central level

The associated GHG emissions were assessed through calculations. Further information can be found in the GHG accounting under E1-6.

Actual impacts were assessed using the GHG Protocol. For potential impacts, assumptions regarding impacts from climate risks and the availability and demand for low-emission raw materials were made as part of the materiality analysis. These are continuously evaluated.

CLIMATE RISK ANAYSIS

(E1-IRO-1.20b and E1-IRO-1.AR 11):

As part of a climate risk analysis, PALFINGER identified climate-related physical hazards for both its own sites and those of business partners in the upstream and downstream value chain using scenario analysis over one year, five years, and 30 years. The Representative Concentration Pathway (RCP) scenarios RCP 2.6, RCP 4.5, RCP 6.0, and RCP 8.5 were used, with RCP 8.5 representing a high-emission scenario. The mid-range RCP scenarios, RCP 4.5 and RCP 6.0, were weighted with double the probability, as PALFINGER considers these scenarios more likely to occur based on internal expert opinions. The climate risk analysis covers most of the climate risks listed in Annex A of the EU Taxonomy. The data used comes from publicly accessible and recognized sources such as Copernicus, the World Bank, ISIMIP, and the World Resource Institute.

As part of a vulnerability analysis, the susceptibility of PALFINGER's physical assets and operational business units, including office buildings and production facilities, was assessed by experts in workshops. In these workshops, PALFINGER experts evaluated whether the various climate risks could potentially cause material damage to PALFINGER's assets and operations without already implemented adaptation solutions. The following physical climate risks were identified as increasingly occurring at PALFINGER sites and relevant to the physical assets at these sites:

- River flooding
- Coastal flooding
- Heavy rainfall
- Snowfall
- Hail
- Cyclones
- Heat stress
- Heatwaves
- Water stress

As part of the climate risk analysis, PALFINGER identified climate risks across different time horizons: one year, five years and thirty years. The longest of these periods aligns with the expected lifespan of the company’s assets, and the medium- and long-term timeframes are relevant for PALFINGER’s strategic planning. As the thirty-year analysis exposes the most significant climate risks, the results of this long-term projection were used as the basis for the vulnerability assessment and for the identification of requisite adaptive measures. The long-term assessment of climate risks over the next thirty years is also in line with the going concern principle and ensures PALFINGER’s continued resilience against future climate challenges. Based on this forward-looking planning approach, PALFINGER is well-positioned to implement proactive measures that mitigate the impact of climate risks and secure the sustainability of its operations.

The data underlying the climate risk analysis assess climate risks based on probability of occurrence and severity, with at least one of the two parameters being stressed. The risk of hail, for example, is assessed by considering the probability of occurrence and the severity of the event, and stressed based on the probability of occurrence. The risk of of wind, for example, is assessed based on the anticipated wind speed.

To mitigate the impacts of these climate risks on business operations at PALFINGER’s sites, a majority of the identified climate risks have already been addressed through the implementation of adaptive measures. The solutions implemented include, for example, air conditioning systems in buildings to counteract heat stress and the use of hail nets to protect buildings and assets from hail damage. For individual locations that are not yet sufficiently protected against the physical climate risks identified, further adaptive measures are being explored. These are mainly locations facing risks associated with heat stress.

The same methodology was used to identify physical climate risks in the upstream and downstream value chain, particularly at the locations of suppliers and customers. Initially, the focus centered on suppliers with the largest purchasing volumes and customers generating the most revenue. Plans are in place to expand this analysis in the forthcoming years. The vulnerability of physical assets and the adaptive solutions already put in place were analyzed by the business partners.

The analysis of physical climate-related risks for PALFINGER’s own sites and those of selected key customers and suppliers was conducted using location-specific geographical coordinates, while the analysis of the upstream and downstream value chain was based on more generalized data at the national or regional level.

(E1-IRO-1.20c):

In the context of a climate risk analysis, PALFINGER identified climate-related transition risks within its own operations. The upstream and downstream value chain was not covered by the analysis of transition risks. For the identification and assessment of these risks, the scenarios provided by the International Energy Agency were taken into account, leading to the compilation of a long list of potential political and legal risks, technological risks, market risks, socioeconomic risks and reputational risks. The assessment of the extent to which PALFINGER's assets and business operations might be exposed to these climate-related transitional events in terms of the emergence of transition risks or opportunities was conducted by experts from the respective functions and product lines.

(E1-IRO-1.AR 12):

The transition risks were assessed for short-, medium-, and long-term time horizons. The long-term horizon refers to the year 2050, while the short- and medium-term horizons refer to 2030 and 2040, respectively. The following scenarios from the International Energy Agency were considered in the assessment:

Stated Policies Scenario (STEPS):

This scenario reflects energy policy frameworks and commitments that governments have already announced or are actively pursuing. Under the STEPS scenario, global energy demand continues to increase, but progress towards net zero emissions is slow and fossil fuels remain an important part of the energy mix.

Announced Pledges Scenario (APS):

In this scenario, all climate pledges and targets announced globally, including net-zero emissions targets, are implemented in full and on time. This leads to a much faster transition to clean energy, a reduction in the use of fossil fuels and an increased use of renewable energy. However, despite a significant reduction in emissions, achieving the Paris Agreement's target to cap global warming at 1.5°C remains a challenge.

„Net Zero Emissions by 2050“ Scenario (NZE):

This scenario presupposes a drastic and immediate global response to achieve net-zero emissions by 2050. It requires rapid deployment of profound changes, including a significant cutback in fossil fuel usage, substantial investments in renewable energy, and a transition to cleaner technologies across all sectors. This trajectory aligns most closely with limiting the global temperature rise to 1.5°C, demanding an unparalleled level of cooperation and policy change.

The transition risk analysis was started in 2024 and is an ongoing process. Based on the assumption that the entire economy – including PALFINGER's customers and suppliers – is collectively striving towards achieving climate-neutrality by 2050, the analysis has not yet identified any activities that are incompatible with the transition towards a climate-neutral economy. The move towards a climate-neutral economy is anticipated to prompt shifts in demand across customer segments, particularly within the marine sector, which will, however, lead to a certain degree of rebalancing. The analysis will be continued in 2025, and a detailed analysis of the transition risks will be prepared.

(E1-IRO-1.21):

A scenario analysis was used to identify physical climate risks against several time horizons and climate scenarios, employing the Representative Concentration Pathway (RCP) scenarios RCP 2.6, RCP 4.5, RCP 6.0 and RCP 8.5. All climate risks were assessed over periods of one, five and thirty year to gain an understanding of how climate risks evolve and their potential impact on PALFINGER's long-term business operations.

(E1-IRO-1.AR 15):

The climate scenarios used are consistent with the critical climate-related assumptions in the financial statements (see ESRS 2-SBM-3.48d). Refer also to the chapter "Use of Estimates and discetionary decisions" in the Consolidated Financial Statements.

ENVIRONMENTAL POLLUTION

(E2-IRO 1.11)

For the analysis of impacts, risks, and opportunities related to environmental pollution, a preliminary analysis of data on emissions and pollutants for air, water, and soil pollution was initiated for PALFINGER. In the coming years, it is planned to continue the analysis of impacts, risks, and opportunities related to environmental pollution. Individual PALFINGER locations were not analyzed in this regard, as the issue was deemed non-essential at a consolidated level. Therefore, no consultations with affected communities were conducted.

WATER AND MARINE RESOURCES

(E3-IRO 1.8)

For the analysis of impacts, risks, and opportunities related to water and marine resources, the WWF Water Risk Filter was applied. Water consumption and discharge are recorded at all PALFINGER production sites. An analysis of precipitation patterns and extreme events such as floods and droughts was conducted as part of climate risk analyses and revealed no significant risks for PALFINGER or within the value chain. The analyses found no significant negative impacts on surrounding communities from PALFINGER's business activities. No direct surveys of the affected communities were conducted.

BIODIVERSITY AND ECOSYSTEMS

(E4-IRO 1.17)

For the analysis of impacts, risks, dependencies, and opportunities in the area of biodiversity, a site analysis was initiated. In the first step, companies identify locations and facilities that are in or near biodiversity-sensitive areas. An initial pilot project to analyze geographic data to determine where biodiversity risks are greatest was started at some PALFINGER locations. The analysis is conducted using a GIS dataset that integrates biodiversity-sensitive areas. The company's dependencies on biodiversity and ecosystem services were not initially identified. In the future, however, the process is to be supported by more robust analyses. Physical risks and opportunities related to biodiversity and ecosystems are analyzed based on identified impacts and dependencies, while risks and opportunities arising from changes in ecosystems are included. Systemic risks and other significant risks and opportunities have not been identified at this time, but continuous monitoring and evaluation of potential developments that could affect business activities are ongoing. No direct surveys of the affected communities were conducted.

RESOURCE USE AND CIRCULAR ECONOMY

(E5-IRO 1.11a & AR7):

PROCESS FOR IDENTIFYING MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The process for identifying material impacts, risks and opportunities related to resource use and the circular economy comprises the analysis of resource inflows and outflows as well as waste streams along the entire value chain. Key business areas identified as having material impacts include production with high energy and resource consumption levels, logistics with emissions from transportation and packaging waste, and distribution with the use of retail packaging and the take-back of end-of-life products.

Review of assets and business activities

PALFINGER conducted a review of its business activities (primarily procurement, production, research and development, logistics and distribution) to identify material impacts, risks and opportunities related to the use of resources and the circular economy. This review incorporated both PALFINGER’s own activities and the value chain, including Tier 1 suppliers and customers.

Methods and risks

- **Risk assessment framework**: in the course of the materiality analysis a structured assessment approach was employed to assess potential risks stemming from resource scarcity, regulatory changes and market changes.
- **Stakeholder engagement:** to validate the results and supplement the analysis, key stakeholders such as Tier 1 suppliers, customers, and internal and external industry experts were involved via stakeholder interviews.

Assumptions

- **Increasing regulatory requirements:** PALFINGER assumed a continuous increase in regulatory requirements in respect of resource efficiency and waste management.
- **Market trends:** The analysis incorporated market trends towards sustainable products, assuming that the trend towards refurbishment in the consumer goods industry will also gain momentum in the industrial goods sector.
- **Scarcity of resources:** It is assumed that water resources will become scarce in various parts of the world as global warming increases. Based on current findings, there are no indications of a scarcity of steel and aluminum resources in the future.

KEY FINDINGS

The review identified opportunities for improving resource efficiency in production processes, potentially leading to cost savings and a reduction in environmental impact, such as lower resource use and the associated reduction in emissions.

Resource use and negative impacts in the upstream value chain are predominantly concentrated in the steel and aluminum production. A high level of raw material consumption is also evident in PALFINGER's own production activities.

Business areas with material impacts

1. Production: high level of energy and resource consumption
2. Distribution: take-back of end-of-life products

Material impacts of resource use and the circular economy affect all hydraulic crane and lifting technology products for both the land and maritime sectors, as well as the associated service business

PRIORIZATION OF RESOURCES USED

Energy has the highest priority, as it is essential for all business areas. Raw materials have the second highest priority, as they are essential for product development.

The majority of PALFINGER's products are made of steel, with aluminum also playing a significant role. Consequently, these raw materials were prioritized in the assessment. In addition to steel and aluminum, PALFINGER uses hydraulic oils, lubricants and glass-reinforced plastics as raw materials.

The stages of the value chain where resource use, risks and negative impacts are concentrated are outlined below:

1. Raw material procurement: dependence on suppliers and raw material quality
2. Production: resource use efficiency
3. Distribution and use: transport and product life cycle
4. End-of-life: recycling and disposal of products

(E5-IRO 1.11b):

No consultations with affected communities were held during the analysis.

BUSINESS CONDUCT

(G1-IRO 1.6):
The impacts, risks and opportunities related to business conduct (ESRS G1) were determined using the findings from the stakeholder analysis, a driver and benchmark analysis and the analysis of internal information. The assessment of IROs was conducted by GRC, Procurement and Sustainability Management and was performed centrally at group level. Internally available legal reporting data on legal incidents and data on reports in the “Integrity Line” whistleblowing system were used as the basis for the assessment. The whistleblowing system is a web-based application where reporters have the option to submit their reports either anonymously or by name. Reports are investigated objectively and independently, following a clearly defined internal process.

Additionally, the assessment process was supported by insights from PALFINGER’s due diligence processes, a review of internal policies and procedures, supplier management, and the ERM system’s risk inventory.

The findings from the compliance risk assessment, which identifies the most significant compliance risks by region in annual workshops led by GRC in conjunction with local points of contact, were also factored into the assessment. In addition, PALFINGER’s sites were analyzed using the Corruption Perception Index.

1.1.4.2 IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement

(ESRS 2-IRO-2.56):

List of material disclosure requirements	Page reference
ESRS 2 – General Disclosures	
BP-1 General basis for preparation of the sustainability statement	page 46
BP-2 Disclosures in relation to specific circumstances	page 46
GOV-1 The role of the administrative, management and supervisory bodies	page 48
GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	page 50
GOV-3 Integration of sustainability-related performance incentive schemes	page 50
GOV-4 Statement of due diligence	page 51
GOV-5 Risk management and internal controls over sustainability reporting	page 52
SBM-1 Strategy, business model and value chain	page 53
SBM-2 Interests and views of stakeholders	page 60
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	page 62
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	page 66
IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement	page 74
ESRS E1 – Climate Change	
E1-1 Transition plan for climate change mitigation	page 88
ESRS 2 SBM-3-E1 Material impacts, risks and opportunities and their interaction with strategy and business model	page 88
ESRS 2 IRO-1-E1 Description of the processes to identify and assess material impacts, risks and opportunities	page 68
E1-2 Policies related to climate change mitigation and adaption	page 89
E1-3 Actions and resources in relation to climate change policies	page 90
E1-4 Targets related to climate change mitigation and adaption	page 97
E1-5 Energy consumption and mix	page 98
E1-6 Gross Scopes 1, 2, 3 and total GHG emissions	page 100
ESRS E5 – Resource Use and Circular Economy	
ESRS 2 IRO-1-E5 Description of the processes to identify and assess material impacts, risks and opportunities	page 71
E5-1 Policies related to resource use and circular economy	page 102
E5-2 Actions and resources related to resource use and circular economy	page 102
E5-3 Targets related to resource use and circular economy	page 103
E5-4 Resource inflows	page 103
E5-5 Resource outflows	page 104
ESRS S1 – Own Workforce	
ESRS 2 SBM-3-S1 Material impacts, risks and opportunities and their interaction with strategy and business model	page 106
S1-1 Policies related to own workforce	page 107
S1-2 Processes for engaging with own workforce and workers' representatives about impacts	page 116
S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns	page 118
S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	page 119
S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	page 127
S1-6 Characteristics of the undertaking's employees	page 130
S1-7 Characteristics of non-employees in the undertaking's own workforce	page 131
S1-8 Collective bargaining coverage and social dialogue	page 131
S1-9 Diversity metrics	page 132
S1-10 Adequate wages	page 132
S1-11 Social protection	page 133
S1-13 Training and skills development metrics	page 133
S1-14 Health and safety metrics	page 134
S1-15 Work-life balance metrics	page 134
S1-16 Remuneration metrics (pay gap and total remuneration)	page 135
S1-17 Incidents, complaints and severe human rights impacts	page 135

List of material disclosure requirements	Page reference
ESRS S2 – Workers in the value chain	
ESRS 2 SBM-3-S2 Material impacts, risks and opportunities and their interaction with strategy and business model	page 136
S2-1 Policies related to value chain workers	page 138
S2-2 Processes for engaging with value chain workers about impacts	page 140
S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	page 140
S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	page 141
S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	page 145
ESRS G1 – Business Conduct	
ESRS 2 GOV-1-G1 The role of the administrative, management and supervisory bodies	page 49
ESRS 2 IRO-1-G1 Description of the processes to identify and assess material impacts, risks and opportunities	page 73
G1-1 Business conduct policies and corporate culture	page 146
G1-2 Management of relationships with suppliers	page 150
G1-3 Prevention and detection of corruption and bribery	page 152
G1-4 Incidents of corruption or bribery	page 154
G1-6 Payment practices	page 154

Disclosure Requirement and related datapoint	material / not material	page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	material	page 48
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	material	page 48
ESRS 2 GOV-4 Statement on due diligence paragraph 30	material	page 51
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	not material	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	not material	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	not material	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	not material	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	material	page 88
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	material	page 88
ESRS E1-4 GHG emission reduction targets paragraph 34	material	page 97
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	material	page 98
ESRS E1-5 Energy consumption and mix paragraph 37	material	page 98
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	material	page 99
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	material	page 100
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	material	page 101
ESRS E1-7 GHG removals and carbon credits paragraph 56	not material	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	not material	

Disclosure Requirement and related datapoint	material / not material	page
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).	not material	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).	not material	
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69	not material	
ESRS E2-4 Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	not material	
ESRS E3-1 Water and marine resources paragraph 9	not material	
ESRS E3-1 Dedicated policy paragraph 13	not material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	not material	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	not material	
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	not material	
ESRS 2 – SBM-3 – E4 paragraph 16 a i	not material	
ESRS 2 – SBM-3 – E4 paragraph 16 b	not material	
ESRS 2 – SBM-3 – E4 paragraph 16 c	not material	
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	not material	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	not material	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	not material	
ESRS E5-5 Non recycled waste paragraph 37 (d)	not material	
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	not material	
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	material	page 107
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	material	page 107
ESRS S1-1 Human rights policy commitments paragraph 20	material	page 107
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	material	page 107
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	material	page 108
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	material	page 108
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 ©	material	page 118
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	material	page 134
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	material	page 134
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	material	page 135
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	material	page 135
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	material	page 135
ESRS S1-17 Nonrespect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	material	page 136
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	material	page 136

Disclosure Requirement and related datapoint	material / not material	page
ESRS S2-1 Human rights policy commitments paragraph 17	material	page 138
ESRS S2-1 Policies related to value chain workers paragraph 18	material	page 138
ESRS S2-1 Nonrespect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	material	page 138
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	material	page 138
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	material	page 143
ESRS S3-1 Human rights policy commitments paragraph 16	not material	
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	not material	
ESRS S3-4 Human rights issues and incidents paragraph 36	not material	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	not material	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	not material	
ESRS S4-4 Human rights issues and incidents paragraph 35	not material	
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	not material	
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	not material	
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	material	page 154
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	material	page 154

(ESRS 2-IRO-2.59):

Once the material topics had been identified, the material sustainability aspects were aligned with the qualitative and quantitative disclosure requirements in section 3.2 of ESRS 1 through a gap analysis. Information specific to the company is disclosed in accordance with the structure of the ESRS, detailing policies, actions and targets.

2. ENVIROMENTAL INFORMATION

2.1 TAXONOMY DISCLOSURES

2.1.1 Introduction

The EU Taxonomy Regulation establishes a classification system for defining “environmentally sustainable” business activities. It is a cornerstone of the European Commission’s action plan aimed at redirecting capital flows towards a more sustainable economy. As part of the broader strategy to achieve carbon neutrality by 2050, this regulation plays a central role in aligning economic activities with the EU’s environmental objectives.

PALFINGER is a non-financial company that is subject to sustainability reporting under the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) and is therefore required to report on certain performance indicators in accordance with the EU Taxonomy Regulation. The following section details the disclosures mandated by Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

2.1.2 Activities

The EU taxonomy is intended to achieve the following six environmental goals: (1) climate change mitigation (CCM), (2) climate change adaptation (CCA), (3) sustainable use and protection of water and marine resources (WTR), (4) transition to a circular economy (CE), (5) pollution prevention and control (PPC) and (6) protection and restoration of biodiversity and ecosystems (BIO).

A taxonomy-eligible economic activity refers to an economic activity that is described in the Delegated Regulations supplementing the Taxonomy Regulation under the respective environmental objectives, regardless of whether it meets one or all of the technical screening criteria.

An economic activity is taxonomy-compliant if it meets the defined technical screening criteria and complies with the minimum safeguards with regard to human and employee rights, consumer rights, anti-corruption and bribery, taxation and fair competition.

To meet the technical screening criteria, an economic activity must make a substantial contribution to one or more of the environmental objectives under the Taxonomy Regulation without significantly harming any of the other objectives.

Non-taxonomy-eligible economic activities are activities conducted by the company that are not described in the Delegated Regulations.

PALFINGER is a company specializing in technology and mechanical engineering. The company’s product lineup is dominated by hydraulic cranes and lifting equipment for both the land and maritime sectors. PALFINGER’s main business model is not covered by the Taxonomy Regulation.

PALFINGER does not engage in any economic activities related to natural gas or nuclear energy.

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

2.1.2.1 Taxonomy-eligible activities

During the preparations for reporting in accordance with the Taxonomy Regulation, potentially taxonomy-eligible economic activities were identified. The assessment of taxonomy eligibility was based on an impact analysis and the collection of key figures for each activity together with the respective departments.

No economic activities with which external revenue was generated were identified for either of the environmental objectives (1) “Climate change mitigation” and (2) “Climate change adaptation”.

Economic activities in the environmental objective “Transition to a circular economy” were identified for environmental objectives (3) to (6) in the 2024 financial year, with which external revenue was generated. The relevant revenue is attributed to the economic activities “5.1 Repair, refurbishment and remanufacturing”, “5.2 Sale of spare parts” and “5.5 Product-as-service and other circular use- and result-oriented service models” and reported as taxonomy-eligible in the 2024 financial year. Taxonomy-eligible revenue in the environmental objective “Circular economy” accounts for 15 percent (2023: 13,6 percent) of the consolidated group revenue of EUR 2,359,843 thousand in the 2024 financial year (2023: EUR 2,445,852.49 thousand).

There is no double counting between environmental goals because economic activities are only ever reported in one environmental objective. No measures were identified that could make a significant contribution to more than one environmental objective.

Taxonomy activity	Description	PALFINGER business activity
CE 5.1 Repair, refurbishment and remanufacturing	Repair, refurbishment and remanufacturing of goods that have been used for their intended purpose before by a customer (physical person or legal person)	Repair and servicing of PALFINGER products
CE 5.2 Sale of spare parts	Sale of spare parts	Sale of spare parts
CE 5.5 Product-as-service and other circular use- and result-oriented service models	Providing customers (physical persons or legal persons) with access to products through service models, which are either use-oriented services, where the product is still central, but its ownership remains with the provider and the product is leased, shared, rented or pooled; or result-oriented, where the payment is pre-defined and the agreed result (i.e., pay per service unit) is delivered	PALFINGER product rentals

For environmental objective (1) “Climate change mitigation”, the group-wide reporting system was used to record taxonomy-eligible investments. The taxonomy-eligible CapEx individual measures are attributable to the following economic activities: “7.3 Installation, maintenance and repair of energy-efficient equipment”; “7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings”; “7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings”, and “7.6 Installation, maintenance and repair of renewable energy technologies”. For environmental objective (4) , taxonomy-eligible investments from cross-sectional activities (CapEx c) in activity CE 1.2 "Manufacture of electrical and electronic equipment" were reported in the 2024 reporting year. No CapEx-relevant economic activities were identified for environmental objectives (3), (5) and (6) in the 2024 financial year.

In the reporting year, suitable taxonomy-eligible investments from individual measures in property, plant and equipment amounted to EUR 4,535 thousand (2023: EUR 1,969 thousand), which corresponds to 2.73 percent (2023: 1.09 percent) of the group’s total additions to property, plant and equipment and intangible assets including leases in accordance with IFRS 16. The change compared to the previous year is due to an increase in the investment volume with regard to individual measures.

Taxonomy activity	Description	PALFINGER business activity
CCM 7.3 Installation, maintenance and repair of energy efficiency equipment	Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment	Local refurbishment measures on and in buildings, i.e., expenditure on windows, doors, replacement of building insulation, lighting and heating or heating pipes
CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	Expenses for newly installed charging stations in Austria, Germany, Slovenia, Sweden
CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Expenses for new air filter and ventilation systems as well as control elements to achieve energy savings
CCM 7.6 Installation, maintenance and repair of renewable energy technologies	Installation, maintenance and repair of renewable energy technologies on-site	Installation of new PV systems in Bulgaria and Croatia
CE 1.2	Manufacture of electrical and electronic equipment	Purchase of electrical and electronic equipment (cross-sectional activity, CapEx c)

2.1.2.2 Assessment for taxonomy conformity

The conformity of economic activities depends on the specific characteristics and nature of the activities conducted. Conformity is assessed based on the technical screening criteria defined in the Taxonomy Regulation and its supplementary Delegated Regulations, with particular consideration of an activity's significant contribution to environmental objectives and compliance with the principle of "Do No Significant Harm" (DNSH).

The respective potentially taxonomy-eligible sales, CapEx and OpEx were collected from employees in the countries where PALFINGER operates for the purpose of assessing taxonomy conformity, and were then analyzed at group level to determine whether taxonomy eligibility actually exists. In a further step, they were assigned to one of the environmental objectives, and compliance with the technical screening criteria and "Do No Significant Harm" criteria was verified at group level with the support of the respective departments.

A "Do No Significant Harm" criterion required for all relevant activities is the performance of a climate risk and vulnerability analysis as defined in Annex A of the relevant Delegated Regulations. PALFINGER has conducted a climate risk and vulnerability analysis based on the RCP 8.5 (worst-case) and the RCP 4.5 climate scenarios. No material risks were identified for the present economic activities that would require plans for remedial solutions.

Finally, group-wide compliance with the minimum protection was analyzed together with the existing due diligence process. To ensure compliance with the minimum safeguards as defined in Article 18 (EU) 2020/852, the standard due diligence process implemented at PALFINGER was analyzed. The processes already described in the Corporate Governance Report and the non-financial statement were applied within the company. A multi-stage process was introduced to ensure compliance with the minimum level of protection in the supply chain. Pursuant to PALFINGER's General Terms and Conditions of Purchase ("EKB"), suppliers are contractually obliged to adhere to the Code of Conduct published on the PALFINGER website. Additionally, PALFINGER has established a whistleblower system ("Integrity Line") on its website, which can also be used by third parties to report any shortcomings along the supply chain. The information received is subsequently evaluated by Corporate GRC or investigated by Corporate Internal Audit. PALFINGER regularly carries out supplier audits on the basis of an annual risk-based audit plan, in which aspects such as the environment, human rights and occupational safety are examined in addition to quality and procurement issues. Supplier audits are also carried out on an ad hoc basis. With the package of measures described above, PALFINGER ensures compliance with the minimum level of protection within the company and along the entire supply chain. In the year under review, no violations of the minimum social safeguards were identified within the group.

Taxonomy conformity could not be achieved for economic activity CE 5.1 "Repair, refurbishment and remanufacturing", and for economic activity CE 1.2 "Manufacture of electrical and electronic equipment", due to a lack of the necessary evidence of compliance with the criteria for the significant contribution to environmental objectives. Taxonomy conformity could not be achieved for economic activity CE 5.2 "Sale of spare parts" and CE 5.5 "Product-as-service and other circular use- and result-oriented service models" due to a lack of the necessary evidence of compliance with the technical screening criteria, particularly with regard to compliance with the principle of "Do No Significant Harm" (DNSH).

The criteria for the significant contribution to environmental objectives were met for economic activities CCM 7.4, CCM 7.5 and CCM 7.6. The site-specific climate risk and vulnerability analyses required to avoid significant impairment of the second environmental objective were also carried out. Additional "Do No Significant Harm" criteria were not required for economic activities CCM 7.4, CCM 7.5 and CCM 7.6, as no corresponding requirements are specified in Delegated Regulation (EU) 2021/2139.

Taxonomy conformity could not be achieved for economic activity CCM 7.3 due to a lack of the necessary evidence of compliance with the technical screening criteria (significant contribution and DNSH).

2.1.3 Metrics and reporting forms

2.1.3.1 Revenue

No economic activities were identified with which external sales were generated that make a significant contribution to either of the environmental objectives (1) and (2). Therefore, as in the previous year, no taxonomy-compliant or taxonomy-eligible sales were reported for the 2024 reporting year.

Economic activities in environmental objective (4) "Transition to a circular economy" were identified for environmental objectives (3) to (6) in 2024, with which external revenue was generated. The group-wide reporting system was used to record taxonomy-eligible revenue. Taxonomy-eligible revenue in environmental objective (4) "Circular economy" accounts for 15.0 percent (2023: 13.6 percent) of the consolidated group revenue of EUR 2,359,843 thousand in the reporting year (2023: EUR 2,445,852.49 thousand). No taxonomy-compliant revenue was reported in environmental objective (4).

Based on the requirements of the Taxonomy Regulation, revenue from taxonomy-eligible business activities is reported as a percentage of total group sales in accordance with IAS 1.82a (see note (16) Revenue in the 2020 consolidated financial statements).

2024		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	**Code (2)**	**Turnover (3)**	**Proportion of Turnover 2024 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover 2023 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		thousand EUR	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**-**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**N**	**N**	**N**	**N**	**N**	**N**	**Y**	**0.00%**		
of which enabling		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N	N	N	N	N	N	Y	0.00%	E	
of which transitional		-	0.00%	0.00%						N	N	N	N	N	N	Y	0.00%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
CE 5.1. Repair, refurbishment and remanufacturing	CE 5.1.	128,394	5.44%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								4.18%		
CE 5.2. Sale of spare parts	CE 5.2.	222,326	9.42%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								9.11%		
CE 5.5. Preparation for re-use of end-of-life products and product components	CE 5.5.	3,997	0.17%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.28%		
Turnover of Taxonomy-eligable but not environmentally sustainable activites (not Taxonomy-aligned activites) (A.2.)		**354,717**	**15.03%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**15.03%**	**0.00%**								**13.57%**		
An. Turnover of Taxonomy-eligable activites (A.1.+A.2)		**354,717**	**15.03%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**15.03%**	**0.00%**								**13.57%**		
B. Taxonomy-non-eligable activities																			
Turnover of Taxonomy-non-eligable activites		**2,005,125**	**84.97%**																
Total		**2,359,843**	**100.00%**																

2.1.3.2 Investments (CapEx)

For calculating the CapEx indicator, the total additions (before depreciation, amortization, impairment losses and revaluations) in accordance with the statement of intangible assets and property, plant and equipment, including additions of rights of use in accordance with IFRS 16, are included in the denominator (see notes 29 to 32 in the 2024 consolidated financial statements). Additions connected with business combinations are included in CapEx. In addition to capitalized expenditures for assets from taxonomy-compliant sales, the numerator also includes expenditures for the purchase of products from taxonomy-compliant economic activities and individual measures to reduce GHG emissions that were implemented and put into operation within 18 months. A CapEx plan in accordance with Delegated Regulation (EU) 2021/2178, Annex I, section 1.1.2.2. was not available in the 2024 reporting period. The existing group-wide reporting system was expanded to determine the CapEx numerator.

For environmental objective (1), the group-wide reporting system was used to record taxonomy-eligible and taxonomy-compliant investments. All taxonomy-eligible and taxonomy-compliant CapEx are additions to property, plant and equipment. No taxonomy-eligible or taxonomy-compliant investments are reported for the environmental objective (2) “Climate change adaptation”. Taxonomy-eligible investments are reported for the environmental objective (4) “Transition to a circular economy”.

No CapEx-relevant economic activities were identified for environmental objectives (3), (5) and (6) in the 2024 financial year.

In the reporting year, compliant investments from individual measures exclusively in property, plant and equipment (IAS 16) amounted to EUR 1,330 thousand (2023: EUR 1,125 thousand), which corresponds to 0.8 percent (2023: 0.62 percent) of the group’s total additions to property, plant and equipment and intangible assets including leases in accordance with IFRS 16. The change compared to the previous year is due to an increase in the investment volume with regard to individual measures

2024		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		TEUR	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligable activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned) (A.1.)																			
7.4. Installation, maintenance and repair of charging stations for elecric vehicles in buildings (and in car parks belongig to buildings)	CCM 7.4.	97	0.06%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.08%	E	
7.5. Installation, maintenance and repair of equipment for measuring, regulating and controlling for the overall energy efficiency of buildings	CCM 7.5	25	0.02%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%	E	
7.6. Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	1,207	0.73%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.43%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**1,330**	**0.80%**	**0.80%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.62%**		
of which enabling		1,330	0.80%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.51%	E	
of which transitional		-	0.00%	0.00%						Y	Y	Y	Y	Y	Y	Y	0.00%		T
A.2. Taxonomy-eligable but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		-		EL;N/EL	EL;N/EL	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
7.3. Installation, maintenance and repair of energy-efficient appliances	CCM 7.3	769	0.46%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.46%		
1.2. Manufacture of electrical and electronic equipment	CE 1.2.	2,436	1.47%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.00%		
CapEx of Taxonomy-eligable but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**3,205**	**1.93%**	**0.46%**	**0.46%**	**0.00%**	**0.00%**	**1.47%**	**0.00%**								**0.47%**		
A. CapEx of Taxonomy-non-eligable activities		**4,535**	**2.73%**	**1.26%**	**0.46%**	**0.00%**	**0.00%**	**1.47%**	**0.00%**								**1.09%**		
B. Taxonomy-non-eligable activities																			
CapEx of Taxonomy-non-eligable activities		**161,654**	**97.27%**																
Total		**166,190**	**100.00%**																

2.1.3.3 Operating expenses (OpEx)

When determining the OpEx indicator, non-capitalized direct expenses for research and development, building renovations, short-term leases, maintenance and repairs and all other direct expenses related to the day-to-day maintenance of property, plant and equipment were included. The figure is determined in the same way as that for CapEx for non-capitalized expenses.

According to the EU taxonomy, operating expenses that are irrelevant to the company's business model should not be taken into account. Based on the very narrow definition of OpEx, it was determined that the relevant operating expenses according to the EU taxonomy amount to 1.5 percent of the total consolidated expenses for 2024, amounting to EUR 2,218 million. A calculation of the numerator per economic activity was therefore omitted pursuant to the materiality exemption provided by the Taxonomy Regulation, as OpEx is not material for PALFINGER's business model as defined by the EU taxonomy.

The OpEx denominator of EUR 27,013 thousand relates to expenses for maintenance and repair and EUR 6,759 thousand for research and development.

2024		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		thousand EUR	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligable activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentaloly sustainable activities (Taxonomy-aligned) (A.1.)		**-**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.00%**		
of which enabling		-	0.00%	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								0.00%	E	
of which transitional		-	0.00%	**0.00%**													0.00%		T
A.2. Taxonomy-eligable but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL								%		
OpEx of Taxonomy-eligable but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**-**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.00%**		
A. OpEx of Taxonomy eligable activities (A.1. + A.2.)		**-**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.00%**		
B. Taxonomy-non-eligabel activities																			
OpEx of Taxonomy-non-eligable activities		**0**	**0.00%**																
Total		**33,772**	**100.00%**																

2.2 ESRS E1: CLIMATE CHANGE

2.2.1 Strategy

2.2.1.1 E1-1 – Transition plan for climate change mitigation

Given the special nature of PALFINGER's value chain, i.e., most emissions occur either upstream or downstream of the production process, a transition plan has not been submitted so far. This notwithstanding, the company is systematically driving the process forward, leveraging insights already obtained to actively exploit all savings potentials identified. A project focusing on transition risks and a transition plan will be launched in 2025.

2.2.1.2 ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

(E1-SBM-3.18):

PALFINGER has identified a material climate-related risk in the course of its materiality analysis: regulatory and stakeholder requirements regarding CO2e emissions (economic and reputational risk).This risk is a transition risk. Regulatory requirements (particularly in the EU), alongside increasing demands from certain stakeholder groups (e.g., investment funds, banks and certain customer segments) are amplifying the pressure to reduce CO2e emissions of PALFINGER's own production and throughout the entire value chain. The risk describes the long-term uncertainty regarding the extent to which PALFINGER's efforts will fall short of these expectations, thereby leading to financial and reputational damage.

(E1-SBM-3.19a.; AR 6, E1-SBM-3.19b; AR 7):

A resilience analysis of the strategy, business model and PALFINGER's own operations was initiated in 2024 and will be continued and refined in 2025. This analysis is an ongoing process. The starting point was the analysis of PALFINGER's impact attributable to CO2e emissions and physical climate risks using a climate-related scenario analysis (for details, see ESRS 2-IRO-1). An analysis of transition risks was also launched and is set to be refined in 2025. Initial findings from that analysis were used as the basis for the resilience analysis, employing the following time horizons: short-term (one year), medium-term (one to five years) and long-term (more than five years). The scenarios and critical assumptions used are detailed in ESRS 2-IRO-1.

The anticipated future financial effects were omitted due to the possible transitional provision in 2024 and therefore were not taken into account in the resilience analysis. In addition, no necessary mitigation measures have been identified to date that conflict with a 1.5-degree target.

(E1-SBM-3.19c, AR 8):

Despite the fact that the materiality analysis identified a climate-related transition risk, this risk has no significant impact on PALFINGER's strategy, business model and own operations. This is predicated on the assumption that the entire economy – including PALFINGER's customers and suppliers – is collectively striving towards achieving a climate-neutral economy by 2050. Throughout the ongoing process, no activities have yet been identified that are incompatible with the transition towards a climate-neutral economy. Investments in transitioning towards renewable energy sources are anticipated to pay off and improve PALFINGER's capability to address the above-referenced risks. The climate risk analysis likewise did not identify any physical risks that have a material impact on PALFINGER's strategy, business model and own operations.The resilience analysis was first launched in 2024 and is therefore still subject to degree of uncertainty. A comprehensive resilience analysis is planned for 2025.

2.2.2 Management of risks, impacts and opportunities

The disclosures regarding the description of the process to identify the impacts, risks and opportunities related to E1 can be found in ESRS 2.

2.2.2.1 E1-2 – Policies related to climate change mitigation and adaptation

POLICY 1: GROUP POLICIES ON ENERGY MANAGEMENT AND ENVIRONMENTAL PROTECTION

(MDR-a):

Policy 1 summarizes the following group policies which apply globally:

- Group Policy Energy Management
- Group Policy Environmental Protection
- Group Policy Certification Requirements

The policy outlining certification requirements for PALFINGER sites mandates, among other requirements, the implementation of a certified energy and environmental management system in accordance with the ISO 14001 (Environmental Management) and ISO 50001 (Energy Management) standards. Excluding CIS, 59 percent of employees worked at locations with ISO 14001 and/or ISO 50001 certification (2023: 53 percent) in 2024.

The group policies on energy management and environmental protection mandate, among other requirements, the roll-out of global programs (HSE action plan) with local targets. The following targets focusing on energy efficiency and reducing CO_2e emissions were set in 2024:

- Implementing efficiency measures to reduce electricity consumption by at least one percent of the previous year's absolute consumption
- Implementing efficiency measures to reduce heating energy consumption by at least two percent of the previous year's absolute consumption
- Implementing measures to reduce CO2e emissions by at least one percent of the previous year's absolute emissions

The action plan's target values are applied on a site-specific basis. The actions contribute to reducing energy consumption and the associated greenhouse gas (GHG) emissions. A centralized approach is used for monitoring, with actions being documented in the HSE management software.

The policy addresses the following material impacts, risks and opportunities:

- GHG emissions from the use of energy sources for captive consumption
- GHG emissions from the use of fossil primary energy sources to generate electricity and heat for production processes
- GHG emissions from the use of fossil primary energy sources for employee mobility
- GHG emissions from the use of products sold
- GHG emissions due to changes in land use
- High level of energy consumption in the organization's operational activities
- Regulatory and stakeholder requirements regarding CO2e footprint reduction (economic and reputational risk)

(E1-2.25a):

The group policies address climate change mitigation directly by establishing and monitoring local targets for reducing energy consumption and decarbonization (for details, see E1-3, action 3, "Actions aimed at reducing electricity and heat consumption and CO2e emissions"). Additionally, climate change mitigation is addressed indirectly through the obligation to obtain ISO 14001 and/or ISO 50001 certification. This requirement encourages sites to continuously improve their energy and environmental performance, thereby cutting down on CO2e emissions.

(E1-2.25b):
Climate change adaptation is not an area addressed by the policy.

(E1-2.25c):
PALFINGER’s Group Policy Energy Management addresses climate change mitigation with the two targets outlined above: reducing the consumption of electricity and heating energy by implementing efficiency measures. This primarily involves measures to enhance efficiency (for details, see E1-3, action 3, “Actions aimed at reducing electricity and heat consumption and CO_2e emissions”).

(E1-2.25d):
The target of reducing CO_2e emissions is achieved through energy conservation measures and by implementing measures to integrate renewable energy sources into the company’s energy mix, along with the acquisition of green electricity in accordance with the procurement policy. The policy does not address any other topics.

(MDR-b):
The group policies on energy management and environmental protection, and the policy outlining certification requirements apply throughout the entire group. The scope of application of the site-specific programs is the respective site unit. Action plans are formulated for all production sites and larger sales & service organizations globally by regions (EMEA, APAC, CIS, NAM, LATAM). The upstream and downstream value chain is not covered. The focus is on production-related energy use.

(MDR-c):
The site managers are responsible for implementation. Corporate HSE Management is responsible for monitoring target achievement. The policy has been approved by the Executive Board.

2.2.2.2 E1-3 – Actions and resources in relation to climate change policies

GENERAL INFORMATION ON ACTIONS
Actions to prevent or mitigate material negative impacts:
- Reduction of electricity and heat consumption and of CO_2e emissions
- Eco-efficiency scoping for products
- Load sensing rollout
- Concepts and systems for optimizing hydraulic efficiency
- Hybrid drive systems
- Policies for electric drive
- Electric FLx range truck mounted forklift

Actions with the purpose of delivering positive impacts:
- Implementation of the energy efficiency analysis
- Expansion of PV systems
- Concepts and systems for optimizing hydraulic efficiency
- Hybrid drive systems
- Policies for electric drive
- Electric FLx range truck mounted forklift

At this time, it is not possible to provide a presentation by decarbonization levers.

ACTION 1: IMPLEMENTATION OF ENERGY EFFICIENCY ANALYSES

(MDR-a):
One of the key initiatives in the year under review was the execution of energy efficiency analyses at PALFINGER's production sites and at the larger sales & service units. This is an action that was implemented in the financial year under review.

Site analyses provide the following results:
- Energy assessment of major energy users
- Illustration of energy flow
- Identification and evaluation of energy efficiency potentials
- Identification and evaluation of potentials for integrating renewable energy sources

The initiative is led by Corporate HSE. It was launched in 2023 at four sites in EMEA in collaboration with external experts and subsequently continued at five additional sites in that region utilizing internal resources. In 2024, the analysis was expanded to include six additional locations across EMEA and North America (NAM). This ongoing and recurring analysis of the sites will be continued in subsequent years, including all global production and larger sales & service units. As part of the initiative, potentials are identified and assessed. Decisions regarding the implementation of selected measures are made in subsequent stages.

By spotlighting energy efficiency potentials, this action significantly contributes to achieving the targets and objectives of the group policies "Energy Management" and "Environmental Protection" and promotes the achievement of the GHG emission reduction target.

(E1-3.29a&b):
The focus of the site analyses is to identify and assess energy efficiency potentials. This action is an analysis tool, the results of which were used to derive further actions with GHG reduction potential (see actions 2 and 3). The identification and assessment of actions for integrating renewable energy sources (such as PV systems) into the existing energy mix to effectively replace fossil fuels, for example, is another result of the site analyses. The site analyses are dependent upon human and technical resources.

(E1-3.29c):
No significant monetary amounts of CapEx and OpEx are required to implement the action. The materiality threshold for this and all further actions was set at EUR 5 million.

(MDR-b):
The action currently covers 13 sites in EMEA and 2 locations in NAM. The upstream and downstream value chain is not covered.

(MDR-c):
This is a continued annual initiative that is consistently carried forward.

ACTION 2: EXPANSION OF PV SYSTEMS

(MDR-a):
This action is currently in the process of implementation. The following PV systems were installed in 2023 and 2024:

2023:
- Tenevo, hall I, 550 kWp
- Ainring: 96 kWp
- Lengau: 500 kWp

2024:
- Cherven Brijag, hall 1 & warehouse, 1,000 kWp
- Delnice: 100 kWp

This action significantly contributes to the implementation of the internal requirements and realization of the objectives of PALFINGER's group policies "Energy Management" and "Environmental Protection".

(E1-3.29a&b):
PALFINGER has continuously invested in photovoltaic systems (PV systems) in recent years to generate renewable electricity for its production facilities. At this time, PALFINGER operates PV systems with a total peak output of around 9.3 megawatts. The amount of self-generated electricity from these PV plants accounted for just under 7.5 percent of PALFINGER's total electricity consumption in 2024. Any surplus electricity is fed into the local grid.

As all systems installed in 2023 and 2024 are located at sites supplied with green electricity, no reduction in GHG emissions can be reported using the market-based approach. The use of green electricity and the feeding of surplus PV electricity into the public grid contribute to reducing carbon emissions. The continuous expansion of these capacities is a key priority.

(E1-3.29c):
The action does not involve any significant CapEx and OpEx monetary amounts.

(MDR-b):
In 2024, the action is directed at sites in Bulgaria and Croatia. The upstream and downstream value chain is not covered.

(MDR-c):
The PV systems expanded in 2024 were put into operation in the same year.

ACTION 3: ACTIONS RELATING TO ELECTRICITY AND HEAT CONSUMPTION AND CO_2e EMISSIONS

(MDR-a):
Action plans were rolled out for 33 locations globally (EMEA, NAM, LATAM, APAC) in 2024. This is an action that has already been adopted, with plans for further individual actions forthcoming.

In the reporting year, the sites reported the following actions as part of the action plan:

- 33 individual actions reported as part of the "Reduction of electricity consumption" target
- 31 individual actions reported as part of the "Reduction of heating energy consumption" target
- 31 individual actions reported as part of the "Reduction of CO2e" target, with actions from the first two targets contributing towards achieving this target

(E1-3.29a&b):
Site-specific actions aimed at reducing the consumption of electricity, natural gas, heating oil, district heating and fuels were implemented, leading to a decrease in energy consumption and, consequently, a reduction in CO2e emissions. This significantly contributes to achieving the target values derived from the energy policy. The target values reported for the actions implemented as part of the HSE action plan result from the energy reductions outlined under MDR-a and amount to:

- decrease of 1,083 MWh in electricity consumption
- decrease of 1,052 MWh in heat consumption
- decrease of 235 tons in CO2e emissions through energy efficiency and decarbonization measures

Key actions include the introduction of new, more efficient painting processes in North America, the retrofitting of adiabatic factory conditioning, replacing air compressors, renewing the stock of machinery, optimization of control systems (such as heating controls), upgrading factory lighting (LED, enhanced controls) and the modernization of the forklift fleet, along with the phased conversion to electric drive. The stated reductions in energy consumption and emissions represent the annual potential identified.

(E1-3.29c):
Costs were not recorded centrally in 2024. The overall financial impact can be considered insignificant, because these costs are attributable to multiple small-scale individual actions.

(MDR-b):
All PALFINGER sites worldwide are included in the scope of the HSE action plan. The upstream and downstream value chain is not covered.

(MDR-c):
The HSE action plan for energy and emission reduction is reviewed and adapted annually across the group, initiating continuous improvements at production sites through yearly efficiency and decarbonization measures. Target values are set at site level; target achievement is monitored globally. The local sites are responsible for identification, implementation and evaluation.

(MDR-e):
The action was rolled out for the first time in 2024. It is subject to annual re-evaluation and will be continued if required.

ACTION 4: PRODUCT ECO-EFFICIENCY SCOPING

(MDR-a):
This action is implemented on a continuous basis. To reduce GHG emissions, PALFINGER invests in product research and development and offers state-of-the-art technologies. Research and development as well as innovations and digital solutions are aimed at increasing the efficiency of PALFINGER's products. Separate work programs were established to bundle all activities in the field of new mechatronic and digital products and product functions.

As part of eco-efficiency scoping, PALFINGER introduced a structured process to reduce the impact of products on the environment, which was set up in accordance with the principles of Scope 3 "product in use". After a thorough analysis of the past years, the results will be integrated into the product development strategy in order to optimize the portfolio step by step. This will support customers in reducing their carbon footprint and therefore their total cost of ownership.

Carbon emissions in the "Purchased goods and services" category are another significant leverage point along the value chain. A significant proportion of these emissions are generated in steel production. The potential of green steel is being evaluated in development to reduce these emissions. There are, however, still no clear signs of demand from the market.

(E1-3.29a&b):
The focus of product eco efficiency scoping is to identify and assess product-related decarbonization levers and actions. This action therefore serves exclusively as an analysis tool, the results of which were used to derive further actions with GHG reduction potential (see actions 5 through 9 below).

(E1-3.29c):
Implementation of the action does not require significant CapEx and OpEx.

(MDR-b):
The action is a global initiative of PALFINGER that extends to all product lines. The upstream and downstream value chain is not covered.

(MDR-c):
The action was rolled out for the first time in 2022. Since then, it is re-evaluated and adapted annually.

ACTION 5: LOAD SENSING ROLLOUT

(MDR-a):
PALFINGER has integrated the load sensing technology for hydraulic systems in numerous lifting solutions (about 23 percent of loader cranes sold in 2024 and 17 percent of timber and recycling cranes) in order to optimize energy consumption based on actual energy requirements. Expanding the use of load sensing hydraulic pumps in lifting solutions helps to reduce energy consumption, thereby mitigating the environmental impact. This technology adjusts hydraulic power output to match the demand placed on the system, thereby preventing energy waste. As a result, the truck's fuel consumption is lowered and GHG emissions are decreased. The load sensing technology is rolled out across PALFINGER's entire product portfolio. At this time, the action is not attributable to an overarching target or policy.

(E1-3.29a&b):
The action leads to a substantial decrease in CO2e emissions in operation per product sold. The actual extent of emission reduction is contingent upon the specific diesel-powered truck model equipped with the lifting solution and how it is used throughout the year – particularly in terms of hours of operation, the type of lifting tasks, and the types of lifting operations executed. For instance, a loader crane with a maximum lifting capacity of 20 mt achieves an average CO2e reduction of 3 t per year of operation when compared to models equipped with a constant pump. For a 50 mt crane with a similar service life, the average saving is 4 t CO2e per year of operation.

(E1-3.29c):
Implementation of the action does not require significant CapEx and OpEx.

(MDR-b):
This action is implemented on a global scale and encompasses the following products: loader cranes (KBC) and timber and recycling cranes (T&R). The reduction in Scope 3 CO_2e emissions is achieved through decreased energy consumption in the downstream value chain. The upstream value chain is not covered by this action.

Affected stakeholder groups:

- End users: Businesses and private individuals operating truck-mounted lifting solutions benefit from load sensing technology as it leads to improved fuel efficiency, lower carbon emissions and reduced operating costs.
- Communities/society: Local communities benefit from better air quality and reduced vehicular emissions due to an overall decrease in carbon emissions from crane operations. Benefits for society include the advancement of environmental targets, the promotion of sustainability initiatives and economic development driven by advances in green technology.

(MDR-c):
This action is implemented on an ongoing basis, with a completion target set for 2030.

ACTION 6: CONCEPTS AND SYSTEMS FOR OPTIMIZING HYDRAULIC EFFICIENCY

(MDR-a):
Improving the hydraulic efficiency of products reduces energy losses in their hydraulic systems, enabling lifting solutions to perform the same tasks with less energy input. This results in lower fuel consumption and reduces CO_2e emissions during operation. Optimizing hydraulic performance helps to minimize environmental impacts and fosters more sustainable industrial practices. At this time, the action is not attributable to an overarching target or policy.

(E1-3.29a&b):
Depending on the model and concept, different impacts are expected, enabling a reduction in carbon emissions ranging from 10 to 40 percent for mobile lifting solutions mounted on diesel-powered trucks.

(E1-3.29c):
The measure does not include significant monetary amounts of CapEx and OpEx.

(MDR-b):
The global measure encopmpasses the following products: loader crane (KBC) and timber and recycling crane (T&R), aerial work platforms (AWP). The Scope 3 CO2e emission savings result from a reduction in energy consumption in the downstream value chain. The upstream value chain is not covered by this measure

Affected stakeholder groups:

- End users: Businesses operating truck-mounted lifting solutions benefit from the concepts and systems for increasing hydraulic efficiency as they lead to improved fuel efficiency, lower carbon emissions and reduced operating costs. Additionally, they improve their public sustainability profile.
- Communities/society: Local communities benefit from better air quality and reduced vehicular emissions due to an overall decrease in carbon emissions from lifting solutions. Benefits for society include the advancement of environmental targets, the promotion of sustainability initiatives and economic development driven by advances in green technology.

(MDR-c):
The action was launched in 2022 and is scheduled for completion by 2030.

ACTION 7: HYBRID DRIVE SYSTEMS

(MDR-a):
Hybrid solutions merge conventional fuel-driven systems with electric or battery-powered alternatives. Modular electric energy systems are used as a bridging technology to power the hydraulic pump of the lifting solutions, allowing for the operation of the lifting solution with clean energy where possible. This in turn reduces fuel consumption and CO2e emissions. At this time, the action is not attributable to an overarching target or policy.

(E1-3.29a&b):
The action leads to a reduction in GHG emissions by 75 to 100 percent during operation of the lifting solution.

(E1-3.29c):
The measure does not include significant monetary amounts of CapEx and OpEx.

(MDR-b):
The global measure applies to the following products: loader crane (KBC) and aerial work platform (AWP). The Scope 3 CO2e emission savings result from a reduction in energy consumption in the downstream value chain. The upstream value chain is not covered by this measure.

Affected stakeholder groups:

- End users: Businesses operating lifting solutions with hybrid drive systems benefit from reduced carbon emissions and lower operating costs.
- Communities/society: Local communities benefit from better air quality and reduced CO2e emissions as the operation of lifting solutions utilizing hybrid technology results in an overall decrease in carbon emissions. Benefits for society include the advancement of environmental targets, the promotion of sustainability initiatives and economic development driven by advances in green technology.

(MDR-c):
The first hybrid solutions will be developed between 2023 and 2025, with additional versions and roll-outs subject to further assessment thereafter.

ACTION 8: ELECTRIC DRIVE CONCEPTS

(MDR-a):
Electrically driven hydraulic pumps are powered by the battery of the electric truck they are mounted on, enabling the lifting solution to operate continuously on cleaner energy sources. This eliminates fuel consumption and reduces GHG emissions. At this time, the action is not attributable to an overarching target or policy.

(E1-3.29a&b):
The use of this technology results in a reduction of emissions by up to 100 percent (depending on the source of the electricity used) during the use phase of the lifting solution, compared to conventional diesel-powered trucks.

(E1-3.29c):
The measure does not include significant monetary amounts of CapEx and OpEx.

(MDR-b):
The global measure relates to the following products: loader crane (KBC) and aerial work platform (AWP). The Scope 3 CO2e emission savings result from a reduction in energy consumption in the downstream value chain. The upstream value chain is not covered by this measure.

Affected stakeholder groups:

- End users: Businesses operating cranes via e-truck interfaces benefit from reduced carbon emissions and lower operating costs.
- Communities/society: Local communities benefit from better air quality and reduced GHG emissions as electrically powered lifting solutions enable low-emission operation. Benefits for society include the advancement of environmental targets, the promotion of sustainability initiatives and economic development driven by advances in green technology.

(MDR-c):
The action is scheduled to run from 2022 through 2030, or until such time as new non-diesel truck solutions are introduced to the market.

ACTION 9: ELECTRIC FLX RANGE TRUCK MOUNTED FORKLIFT

(MDR-a):
This action comprises the series development and introduction of a modular concept for the electric drive of FLx series truck-mounted forklifts. The development of this product series offers an alternative to combustion-based mobility. At this time, the action is not attributable to an overarching target or policy.

(E1-3.29a&b):
The use of this technology results in a reduction of emissions by up to 100 percent during the use phase (depending on the source of the electricity used; definition of use phase in accordance with the GHGP’s Scope 3.11 category) compared to combustion-based vehicles.

(E1-3.29c):
The measure does not include significant monetary amounts of CapEx and OpEx.

(MDR-b):
The measure will be implemented globally. The Scope 3 CO2e emission savings result from a reduction in energy consumption in the downstream value chain. The upstream value chain is not covered by this measure.

Affected stakeholder groups:

- End users: Businesses operating truck mounted forklifts benefit from reduced carbon emissions and lower operating costs.
- Communities/society: Local communities benefit from better air quality and reduced GHG emissions as electric forklift operation produces up to 100 percent less carbon emissions during use. Benefits for society include the advancement of environmental targets, the promotion of sustainability initiatives and economic development driven by advances in green technology..

(MDR-c):
The action is implemented from 2022 through 2025 or until the initial market release, with additional policies and systems to be developed thereafter.

2.2.3 Metrics and targets – ESRS E1

2.2.3.1 E1-4 – Targets related to climate change mitigation and adaptation

TARGET 1: EMISSION REDUCTION TARGET

(E1-4.34a-e):
PALFINGER has established a GHG emission reduction target for Scope 1 and 2 and incorporated this target into the remuneration structure for its Executive Board. The base year is 2022 with 31,578 tCO2e before retroactive error correction and 37,155 t CO2e after retroactive error correction (for details, see ESRS 2-BP-2.14). The target value for 2030 is an absolute emission reduction of 2,668 t CO2e (500 t CO2e in Scope 1 and 2,168 t CO2e in Scope 2) to 29,091 t CO2e in 2030. This results in a target value of 8,136 t CO2e per billion EUR in revenue for 2030. The target is not compatible with limiting global warming to 1.5°C, and it was not determined based upon science-based principles. The calculation was made using a market-based approach. There is currently no target for Scope 3.

(E1-4.34f):
Expected decarbonization levers are a shift towards increased use of renewable energy sources and savings potentials through enhanced energy efficiency. The expected reduction of 2,168 t CO2e in Scope 2 is mainly attributable to renewable energy sources. The expected lever for the reduction in Scope 1, amounting to 500 t CO2e, is largely due to improvements in energy efficiency. At this time, the determination of GHG emission reduction targets does not take into account any climate scenario.

For the overall quantitative contribution to the GHG emission reduction potential, see E1-4.34a-e.

(MDR-a):
The reduction of CO2e emissions in Scope 1 and 2 contributes to meeting the objectives of the group policy on environmental protection. For more details regarding the objectives of that policy, see E1-2.

(MDR-b):
The target is an absolute target, expressed in t CO2e.

See E1-4.34a-e): The target value for 2030 specifies an absolute reduction in emissions of 2,668 t CO2e to 29,091 t CO2e by 2030.

(MDR-c):
The scope of the target comprises the PALFINGER Group and its consolidated companies. The upstream and downstream value chain is not covered.

(MDR-d):
Progress is measured in relation to 2022 as the base year with 31,758 t CO2e before retroactive error correction and 37,155 t CO2e after retroactive error correction. For more information, see E1-4.34a-e.

(MDR-e):
The target applies to the period 2024–2030.

(MDR-f):
The definition of the target is based on internal analyses (e.g., energy efficiency, see E1-3) of the decarbonization levers. An analysis of further decarbonization levers is planned.

(MDR-g):
The targets are not based on scientific evidence. The target is potential-based, taking into account the principles of the Science Based Target Initiative (SBTi).

(MDR-h):
The stakeholders were not involved in target setting.

(MDR-i):
No changes or adjustments have been made to the target to date.

(MDR-j):
The target is continuously monitored in the context of emissions reporting and the annual update of the CO2e balance sheet; the status is reported to the Sustainability Council, Executive Board and Supervisory Board. In 2024, emissions were already well below the target of 31,377 t CO2e.

2.2.3.2 E1-5 – Energy consumption and mix

(E1-5.37a-c und 38.a-3):
Total energy consumption from fossil sources

in MWh	2023	2024
Fuel consumption from coal and coal products	-	-
Fuel consumption from crude oil and petroleum products	19,860	18,392
Fuel consumption from natural gas	58,196	61,744
Fuel consumption from other fossil sources	8,081	7,385
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	46,346	24,041
Total fossil energy consumption	**132,483**	**111,562**
Share of fossil sources in total energy consumption (%)	61.8%	52.0%
Consumption from nuclear sources	**n.b.**	**5,700**
Share of consumption from nuclear sources in total energy consumption (%)	n.b.	2.7%
Fuel consumption for renewable sources, including biomass	-	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	75,456	88,373
Consumption of self-generated non-fuel renewable energy	6,368	8,907
Total renewable energy consumption	**81,824**	**97,280**
Share of renewable sources in total energy consumption (%)	38.2%	45.3%
Total energy consumption	**214,307**	**214,542**

Absolute energy consumption totaled around 214.5 million kWh in the reporting year (2023: 214.3 million kWh), virtually unchanged from the previous year. The EMEA region accounted for the largest share of energy consumption at 61 percent.

The main energy consumers at PALFINGER's production sites include the painting and electroplating plants as well as facilities for conditioning production halls. The fuel consumption of the vehicle fleet is also included in energy consumption and accounts for around 8 percent of total consumption. The majority of production-related transportation is outsourced to logistics companies (Scope 3), with transportation occurring mainly by trucks and ships. The share of green electricity in total electricity consumption was 80 percent in 2024. PV systems accounted for around 7.5 percent of total electricity consumption.

(E1-5.39):

Non-renewable energy production and renewable energy production

in MWh	2023	2024	in %
Generation of non-renewable energy.	-	-	
Generation of energy from renewable sources	6,368	8,907	39.9%

(E1-5.40 & 42):

Energy intensity based on net revenue

in MWh / million EUR	2023	2024	in %
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	87.6	91.0	3.9%

(E1-5.43; AR 38)

Reconciliation of net revenue from activities in high climate impact sectors

EUR thousand	2023	2024	in %
Net revenue from activities in high climate impact sectors used to calculate energy intensity	2,445,852	2,359,842	-3.5%
Net revenue (other)	-	-	
Total net revenue (Financial statements)	**2,445,852**	**2,359,842**	

2.2.3.3 E1-6 – Gross Scope 1, 2 and 3 and total GHG emissions

(E1-6.AR 48); (E1-6.44-52):

Total GHG emissions disaggregated by Scope 1, Scope 2 and significant Scope 3 emissions

in tonnes of CO_2e	Base year 2022	2023	2024	% N/N-1
Scope-1-GHG emissions				
Gross Scope-1- GHG emissions	18,850	19,019	18,885	-0.7%
Percentage of Scope 1 GHG emissions from regulated emissions trading schemes (%)	-	-	-	
Scope-2-GHG emissions				
Gross location-based Scope 2 GHG emissions	n.k.	n.k.	33,978	
Gross market-based Scope 2 GHG emissions	18,305	17,676	11,365	-35.7%
Significant scope-3-GHG emissions				
Total Gross indirect (Scope 3) GHG emissions	3,685,055	3,551,875	3,042,731	-14.3%
1 Purchased goods and services	1,171,672	909,262	762,692	-16.1%
2 Capital goods	11,662	11,662	11,662	-
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	13,509	13,509	13,509	-
4 Upstream transportation and distribution	69,022	59,866	60,279	0.7%
5 Waste generated in operations	65,246	65,246	65,246	-
6 Business traveling	2,029	2,029	2,029	-
7 Employee commuting	9,425	9,425	9,425	-
9 Downstream transportation	6,902	5,989	6,028	0.7%
11 Use of sold products	2,315,918	2,455,217	2,090,085	-14.9%
12 End-of-live treatment of sold products	16,473	16,473	16,473	-
15 Investments	3,197	3,197	5,303	65.9%
Total GHG emissions				
Total GHG emissions (location-based)	n.k.	n.k.	3,095,594	
Total GHG emissions (marked-based)	3,722,210	3,588,570	3,072,981	-14.4%

n.k. = not known

(E1-6.AR 43c); (E1-6.AR 45e); (E1-6.AR 46 j) :

There are no biogenic emissions of CO2e from the combustion or biodegradation of biomass in Scope 1 and 2. For Scope 3 emissions, it is likewise assumed that biogenic emissions are minimal to non-existent, given the nature of the industry.

(E1-6 AR 39 b); (MDR-M):

Calculation of Scope 1 and Scope 2:

The calculation and emission factors are determined annually and updated as required. Emissions data include carbon dioxide (CO2), methane (CH4), and nitrous oxide (N2O), as well as the correction value for import and export. The remaining Kyoto gases are not produced during direct combustion; therefore, the figures can be considered complete.

The conversion of direct and indirect CO2 equivalents and of the shares of renewable and nuclear electricity sources is based on various databases, such as IEA & Ecoinvent (2020), Climate Transparency, and Electricity Maps (2023). The direct emission factors (Scope 1) of gasoline, diesel, liquefied petroleum gas, propane/butane, district heating and heating oil are sourced from the Austrian Federal Environment Agency (UBA) and from the Swiss Association for Liquefied Gas (FVF). Scope 1 and Scope 2 emissions are calculated in the HSE software for the energy consumption reported by the sites. The calculation is carried out by energy source, multiplying the site data reported by the respective emission factor.

The emission values for marked-based Scope 2 emission levels in 2022 and 2023 were reported incorrectly. One site was unable to provide documentation for the consumption of renewable energy. A retrospective correction of these calculations was made as follows:

in tonnes of CO_2e	2022	2023
Scope 2 GHG emissions (reported)	12,908	12,894
Error correction	5,397	4,782
Scope 2 GHG emissions (corrected)	**18,305**	**17,676**

Calculation of Scope 3:

Scope 3 emissions are calculated using a spreadsheet program. Emission factors and reference values for calculating Scope 3 emissions were taken from scientific data sources:

- Austrian Federal Environment Agency (UBA AT): 2022 data for the upstream energy chain and for public transportation
- Ecoinvent database (version 3.9.1, 2022) for the upstream energy chain, transportation and waste treatment
- Department for Environment, Food and Rural Affairs, United Kingdom (DEFRA 2019), for purchased goods and capital goods
- European Environment Agency (2021), CO2 emission factor for diesel engines
- GHG Protocol_Emission_Factors_For_Cross_Sector_Tools_V2.0_0 (March 2024)

Significant Scope 3 categories that are a priority for the company are category 3.1 “Goods and services purchased” and category 3.11 “Use of products sold”.

Scope 3 emissions in category 3.1 “Goods and services purchased” were calculated using a cost-based method, where the volume of goods and services purchased was multiplied by a cost-based emission factor. Inherent limitations of this method result from its reliance on secondary data. The data relating to purchasing volumes were sourced from the local ERP systems for base metals and processed metals, electrical and optical devices, machinery and equipment, motor vehicles, rubber and plastics, chemicals and chemical products, postal and telecommunications services and other community, social and personal services. Data collection was centralized at group level..

The emissions in category 3.11 “Use of products sold” are calculated by multiplying the quantities of products sold per product line. Product activity data (e-pump mech per operating hour, powertrain) and sales records derived from internal data systems served as the basis for the calculation. For some products, such as the loader crane, a distinction between load sensing and constant pump technology is taken into account in the calculation. The emission factor for diesel and the energy consumption required during the use phase were used to calculate the emissions. As a final point, assumptions regarding hours of operation and product service life (standardized use cycle) were made to extrapolate the results.

(E1-6 AR 46 g):

Around 1.24 percent of Scope 3 emissions are calculated using primary data from suppliers or other partners in the value chain.

(E1-6.53-55):

GHG intensity based on net revenue

tonnes CO_2 per million euro	2023	2024	
GHG intensity per net revenue			
Total GHG emissions (location-based) per net revenue	-	1,312	
Total GHG emissions (market-based) per net revenue	1,467	1,302	-11.2%

Net revenues correspond to the sales revenues in the consolidated financial statements.

2.3 ESRS E5 : RESOURCE USE AND CIRCULAR ECONOMY

2.3.1 Management of risks, impacts and opportunities

The disclosures regarding the description of the process to identify the impacts, risks and opportunities related to E5 can be found in ESRS 2.

2.3.1.1 E5-1 – Policies related to resource use and circular economy

(MDR-62):
The responsible use of resources and the longevity of materials used are firmly embedded in PALFINGER's operating activities in economic terms. However, no overarching policy on this topic is in place at this time. In the forthcoming years, PALFINGER will work on developing an overarching policy addressing resource use and circular economy.

2.3.1.2 E5-2 – Actions and resources in relation to resource use and circular economy

ACTION 1: EXTENDING THE SERVICE LIFE AND INCREASING THE USE INTENSITY OF PRODUCTS THROUGH REPAIR AND MAINTENANCE AND PROVISION OF SPARE PARTS

(MDR-a):
Actions to extend product life include preventive maintenance, inspections, repairs and spare parts management. Spare parts and repair services are made available through a worldwide service network and advanced technologies such as the “Smart Inspection” app, thereby providing long-term repair and maintenance support for customers.

This package of actions is intended to minimize environmental impacts during the use and maintenance of products, delivering the following results:

- Extension of product lifespan: The efficient use of spare parts, coupled with regular maintenance and repairs, extends the service life of products.
- Conservation of resources: Optimizing the use of spare parts reduces resource consumption.
- Circular economy: Promotion of reuse

(E5-2.20):
The actions contribute to the application of circular business practices, particularly value retention through maintenance, repair, refurbishment and remanufacturing. The goal of repair activities is to extend the lifespan of products. The action does not cover the topics “use of recycled materials” or “circular design”, as the focus is primarily on extending product life.

(MDR-b):
Maintenance, repairs and spare parts are offered through the global service network by either PALFINGER itself or its business partners. The upstream value chain is not covered by this action.

(MDR-c):
This is an ongoing action.

2.3.2 Metrics and targets – ESRS E5

2.3.2.1 E5-3 –Targets related to resource use and circular economy

(ESRS 2.81):

The circular economy was identified as a new material topic in the current materiality analysis and integrated into the sustainability strategy as a separate field of action in 2024. Targets will be established in the next financial year, along with the development of corresponding actions and the implementation of a process for assessing their effectiveness.

2.3.2.2 E5-4 –Resource inflows

(E5-4.30):

Key inputs include raw materials (primarily steel and aluminum) and purchased parts such as cylinders, control systems & mechatronics, electronics and cables, hydraulic components and equipment, as well as motors and pumps, DIN and standard parts and mechanical parts. In addition, PALFINGER reduces its ecological footprint and contributes to local value creation through the procurement principle "local for local" by using local partnerships preferably with globally operating suppliers. For more information on the PALFINGER value chain, see SBM-1 in ESRS 2.

(E5-4.31a):

Overall total weight of products and materials used

in tons	2024
Raw material	114,207
Hydraulic components & equipment	1,653
Cylinders	4
Control systems & mechatronics	117
DIN & standard parts	565
Total weight	**116,546**

The overall total weight was determined on the basis of recorded goods received during the reporting year. For companies that do not have weight data stored in the local ERP system, the weight was estimated based on the goods received in EUR.

(E5-4.31c):

Weight of secondary reused or recycled components, products and materials

EUR thousand	2024
Total weight of secondary, reused, or recycled components, intermediate products, or materials used during the reporting period	46,450
Amount of secondary, reused, or recycled materials in %	39.9%

The percentage share of secondary reused or recycled materials was determined on the basis of inquiries made to suppliers. In cases where values for certain components or materials could not be determined, estimates were derived from similar products or suppliers.

2.3.2.3 E5-5 - Resource outflows

(E5-5.35):

PALFINGER's resource outflows relate to manufactured products. Those products include loader cranes, timber and recycling cranes, hooklifts and skiploaders, tail lifts, aerial work platforms, truck mounted forklifts, railway systems, passenger lifts, marine cranes, winches and offshore equipment, offshore cranes, davit systems, boats and wind cranes.

In alignment with circular economy principles, PALFINGER carries out maintenance and repairs to ensure the longevity of its products. For more information on PALFINGER products, see SBM-1 in ESRS 2.

(E5-5.36a):

Durability of the products placed on the market by the undertaking

Durability of products in years	**2024**
Loader crane	10-15
Forestry and recycling cranes	11-12
Roll-off and hook-lift trucks	15-16
Tail lifts	10
Small aerial work platforms	12
Large aerial work platforms	20
Truck-mounted forklifts	10
Marine and wind cranes	15
Winches and offshore equipment	20
Offshore cranes	25
Davit systems	20
Boats	20

As no industry data on the durability of comparable products is available at this time, no comparisons can be reported yet.

The specified durability in years is estimated based on the specified number of load cycles at a certain percentage of the maximum load capacity over the products' lifetime. Actual durability may vary based on usage, environmental conditions and other factors. The figures stated herein are the result of internal testing and are provided for informational purposes only. They do not constitute a warranty or guarantee of any kind.

(E5-5.36b):

Repairability of products

The repairability of the products was assessed based on the recommendations of EN 45554:2020 "General methods for the assessment of the ability to repair, reuse and upgrade energy-related products". Prioritized parts and components were identified and assessed according to the following criteria: total repair time, required tools, required work environment, repair personnel's skill level and availability of spare parts. The rating scale ranged from A (very easy repair) to E (very difficult repair). All PALFINGER products were rated B or C, indicating good repairability. Most parts and components are easy to repair, and only some parts require more complex repair efforts.

(

E5-5.36c):

Rates of recyclable content in products and their packaging

in tons	2024
Total weight of products and packaging	116,546
Weight of the recyclable portion of the product and packaging	112,952
Recyclable portion in products and packaging in %	96.9%

The share of recyclable products was determined on the basis of inquiries made to suppliers. In cases where values for certain components or materials could not be determined, estimates were derived from similar products or suppliers.

3. SOCIAL INFORMATION

3.1 ESRS S1: OWN WORKFORCE

3.1.1 Strategy

3.1.1.1 ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

(S1-SBM 3.13a):
The impacts in the area of health and safety are sector-specific. As a manufacturing company, there are inherent risks arising from the production process, which influence the sustainability strategy in the "People, Values and Culture" field of action, where "health and safety" is a key area of focus.

The risk associated with a shortage of qualified personnel has a significant impact on PALFINGER's strategy. A number of long-term trends are affecting this strategic risk – the competition for talent; manual labor jobs becoming less attractive; retirement of the baby boomer generation. Measures such as employer branding activities, expanding training programs, a standardized assessment process, offering benefits programs (e.g., PALfit), and ongoing skills development efforts are implemented to reduce this risk. Additionally, strategic succession planning will be established as a key management tool in the medium term.

(S1-SBM 3.13b):
The risk associated with a shortage of qualified personnel is closely linked to the impacts related to training and development, working hours, diversity and fair pay. Providing an attractive workplace environment is an essential factor for both the risk and the impacts.

(S1-SBM 3.14a):
PALFINGER's workforce is comprised of two main groups termed direct and indirect employees. Direct employees are individuals working directly on PALFINGER products. To manage surges in demand, the company supplements this group with leased personnel from external agencies. Direct employees are particularly affected by possible negative impacts on their physical health and demotivation due to inflexible schedules. Targeted preventive measures are in place for this occupational group, aimed at reducing workplace accidents and ensuring a safe work environment. Indirect employees typically work in office settings. Due to the nature of their work, these employees are more likely to be affected by working conditions that can lead to mental health problems. Initiatives aimed at enhancing workplace appeal, for example through professional development and training opportunities, have demonstrated positive impacts on this segment of the workforce.

(S1-SBM 3.14b):
Being a manufacturing company, the sector in which PALFINGER operates is inherently affected by negative impacts on a global scale, due to inflexible working conditions and schedules as well as mental and physical stress. The negative impacts can therefore be considered widespread and systemic.

The negative impacts related to violence, discrimination and harassment in the workplace pertain to specific, isolated incidents.

(S1-SBM 3.14c)
As a general principle, the positive impacts related to freedom of association, collective bargaining, social dialogue, equal treatment and fair pay are accessible to all PALFINGER employees.

(S1-SBM 3.14d):
The risk associated with a shortage of qualified personnel stems, in part, from the impacts related to inflexible working conditions and schedules, as well as a lack of diversity, which can impair the appeal and success of the company.

(S1-SBM 3.14e)
There are no material impacts on PALFINGER's own workforce that arise from transition plans for reducing negative impacts on the environment.

(S1-SBM 3.14f)
There are no operations at significant risk of incidents of forced labor among PALFINGER's own workforce.

(S1-SBM 3.14g)
There are no operations at significant risk of incidents of child labor among PALFINGER's own workforce.

(S1-SBM 3.15)
PALFINGER's many years of experience and understanding of its internal operational workings have led to an awareness of the diverse requirements and challenges faced by various occupational groups within its workforce. Direct employees, in particular, are exposed to increased physical stress due to the nature of their work. Other groups potentially more vulnerable to negative impacts include women, younger employees (under the age of 30), older employees (over the age of 50), employees with disabilities, ethnic minorities and LGBTQ+ employees. Examples of material negative impacts for women include harassment and discrimination and/or difficulties in balancing professional and family responsibilities.

(S1-SBM 3.16):
There are no material risks and opportunities for PALFINGER that relate to specific groups of people rather than to all of its own workforce.

3.1.2 Management of risks, impacts and opportunities

3.1.2.1 S1-1 – Policies related to own workforce

General information on policies

(S1-1.19):
For the most part, the policies apply only to PALFINGER's own employees. This is due to the fact that access to PALFINGER's proprietary systems is required to review and act upon the policies. Such access is reserved to individuals actively employed by PALFINGER. The occupational health and safety policies and the Code of Conduct for employees also apply to contingent staff.

(S1-1.20a & 21):
Beyond complying with all legal requirements regarding respect for human rights, PALFINGER aligns its practices with international standards and conventions, a commitment enshrined in its Code of Conduct. PALFINGER has supported the UN Global Compact since 2013 and is committed to its ten principles on human rights, working conditions, the environment and anti-corruption measures. PALFINGER is committed to the OECD Guidelines for Multinational Enterprises and follows the principles of the International Labor Organization (ILO).

The United Nations' 2030 Agenda for Sustainable Development contains 17 global Sustainable Development Goals (SDGs). PALFINGER incorporates these SDGs into all aspects of its business operations. The direct and indirect impacts of PALFINGER's operations on the 17 SDGs were evaluated. PALFINGER has identified four development goals as being most relevant to the strategic orientation of sustainability management: SDG 5 – gender equality; SDG 8 – decent work and economic growth; SDG 12 – sustainable consumption and production; SDG 13 – climate action.

(S1-1.20b):

The HR department participated in the steering committee tasked with drafting the Code of Conduct to represent the members of PALFINGER's own workforce. In the other policies, the company's own employees were involved in the forms described in sections S1-2. Details can be found in the information provided for the respective policies.

(S1-1.20c):

The processes to remediate negative impacts and channels for own workforce to raise concerns as outlined in ESRS S1-3 can also be used to provide remedy for human rights impacts, where required.

(S1-1.22):

Human trafficking or slavery are illegal. Any indication of such practices will be followed up promptly, with measures taken to ensure that they are stopped immediately. PALFINGER ensures that employees and business partners do not directly or indirectly promote or support these crimes. Child labor is strictly prohibited. PALFINGER adheres to the conventions of the International Labor Organization on the minimum age for employment. This age limit guarantees children and adolescents their full physical and mental development. Forced or compulsory labor is illegal. Employees at PALFINGER can terminate their employment at any time with reasonable notice.

(S1-1.23):

Occupational safety is a top priority for PALFINGER. For this reason, PALFINGER has established a management system for occupational health and safety and the policies resulting therefrom. Occupational health and safety management at PALFINGER is regulated according to ISO 45001, Occupational Health and Safety Management. With the introduction of the new Group Policy Certification Requirements for PALFINGER Sites and Audit Management, all locations with more than 100 employees are required to implement an ISO 45001 occupational health and safety management system.

(S1-1.24a & b):

PALFINGER does not tolerate any form of discrimination, harassment or bullying related to ethnic or social origin, nationality, skin color, gender, sexual orientation, age, religion, political beliefs, affiliation with legal entities or other personal characteristics. PALFINGER is dedicated to providing equal opportunities and fair treatment to all individuals. Everyone is entitled to a workplace environment that is secure and respectful. This is also stated in the Code of Conduct. The diversity strategy for the Supervisory Board and the Executive Board was defined as a policy for the promotion of equal opportunities. Details of this strategy are provided in the "Diversity plan" section of the Corporate Governance Report.

(S1-1.24c):

In Austria, PALFINGER is required to meet a statutory quota for employing individuals with disabilities, a measure established to bolster job market inclusivity for disabled persons. Failure to meet this quota triggers compensatory payments. Furthermore, PALFINGER strictly adheres to legal requirements in all countries in which it operates, demonstrating its commitment to upholding legal and ethical standards globally.

(S1-1.24d):

The prevention of discrimination is ensured at PALFINGER group-wide through policies such as the Code of Conduct, the Anti-Harassment & Anti-Discrimination Policy, and the Recruiting Policy. Harassment or bullying based on ethnic or social origin, national descent, skin color, gender, sexual orientation, age, religion, political orientation, membership in legal associations, or other personal characteristics is not tolerated.

Policy 1: Code of Conduct

(MDR-a):

KEY CONTENTS & GENERAL OBJECTIVES:
The current version of PALFINGER's Code of Conduct defines the essential legal and ethical principles for doing business. Violations of the laws and the Code of Conduct are subject to sanctions and may result in criminal prosecution. The Code of Conduct addresses the following contents related to human rights and working conditions:

- Prohibition of slavery and human trafficking
- Prohibition of child labor
- Free choice of employment
- Health and safety
- Prohibition of weapons, alcohol and drugs
- Freedom of association
- Protection against discrimination, harassment and bullying
- Compliance with working hours and minimum wage

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES
The Code of Conduct addresses all material impacts, risks and opportunities relating to the sustainability topics of working conditions, equal treatment and equal opportunities.

MONITORING PROCESS
To facilitate compliance with the Code of Conduct, PALFINGER has established measures and processes, such as targeted trainings, to ensure that the applicable legal requirements are known and met. These trainings are mandatory for all PALFINGER employees.

Any misconduct can be reported to the manager, the HR department and the Integrity Line. Reported violations of the Code of Conduct or other group policies are continuously evaluated. Where suspicious cases are substantiated, they are investigated by GRC and Corporate Internal Audit, and appropriate improvement measures are defined with the responsible management.

(MDR-b):
The implementation of the Code of Conduct's standards and compliance with them is expected of all employees and contracted staff. It applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence.

(MDR-c):
The Executive Board has signed the Code of Conduct and is responsible for its implementation. Governance, Risk & Compliance (GRC) is responsible for the preparation, monitoring processes and implementation of training sessions regarding the Code of Conduct.

(MDR-d):
PALFINGER's success depends on healthy and fairly treated employees. PALFINGER therefore protects their rights and follows the principles of the United Nations Global Compact initiative and the International Labor Organization (ILO).

(MDR-e):
A steering committee, composed of members from GRC, Human Resources, Purchasing and Dealer Network Development, was set up to prepare of the Code of Conduct, ensuring that the Code's three key addressees were included in the process. The Executive Board was involved in the establishment of the Code of Conduct during the final approval stage.

As part of the materiality analysis, surveys of PALFINGER's key stakeholders were conducted (see ESRS 2 SBM-2.45a), the findings from which were taken into account in drafting of the Code of Conduct.

(MDR-f):
Employees can access the Code of Conduct through the group policy system on the intranet or on PALFINGER's corporate website.

Policy 2: Health Management Policy

(MDR-a):

KEY CONTENTS & GENERAL OBJECTIVES:
The implementation of health management principles and preventive occupational health care to ensure the health of employees and a safe work environment is addressed in the Health Management Policy.

A group-wide Health Management Policy regulates the scope of occupational health care according to the number of employees at each location and defines the range of services and deployment times. This ensures that all PALFINGER employees worldwide receive standardized occupational health care independent of national legal requirements.

The Health Management Policy also mandates regular meetings of the Health & Safety Committee and the inclusion of employee representatives, promoting a comprehensive approach to health management. It emphasizes a coordinated strategy across the three areas of occupational safety, reintegration after prolonged illness and preventive workplace health promotion (PALfit program). PALFINGER's approach is guided by the World Health Organization's definition of health as a "state of complete physical, mental and social well-being". Additionally, significant emphasis is placed on mental health to promote employees' ability to work against the backdrop of increasing mental stress.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES
- Working conditions that may cause physical health problems
- Working conditions that may cause mental health problems

MONITORING PROCESSES::
To ensure standardized, regular reporting and tracking of site-specific activities, detailed information on the measures must be submitted to the Health & Safety Committee.

Corporate Internal Audit has the authority to conduct audits to assess the design and effectiveness of this group policy, thereby supporting the monitoring function of the Executive Board and Supervisory Board. Upon request, all pertinent information must be provided to Corporate Internal Audit.

(MDR-b):
This policy applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence.

(MDR-c):
The Chief Human Resources Officer (CHRO) and Global Human Resources (HR) are responsible for implementing the policy. The policy has been approved by the Executive Board.

(MDR-e):
PALFINGER maintains an ongoing dialogue with stakeholders, and Human Resources maintains ongoing communication with employees. In 2024, a PALfit health survey using the Work Ability Index Plus (WAI+) questionnaire was conducted for all employees at the Austrian and German sites. Safety experts, occupational physicians, Human Resources and the works council are involved in mandatory annual health & safety committee meetings to represent the interests of employees and ensure their participation.

(MDR-f):
Employees can access the Health Management Policy through the group policy system on the intranet.

Policy 3: Group Policy Certification Requirements for PALFINGER Sites and Audit Management

(MDR-a):

KEY CONTENTS & GENERAL OBJECTIVES:
The new Group Policy Certification Requirements for PALFINGER Sites and Audit Management mandates that all sites with more than 100 employees must adopt and certify an ISO 45001 occupational safety management system. As a result, the proportion of sites having such a system in place will increase significantly over the next three years. Based on this group policy, PALFINGER introduced the Global PALFINGER Management System (GPMS) at the Bergheim site in 2024, which integrates the areas of quality, occupational safety, environment and energy (QHSE). The external certification audit in December 2024 was successfully completed and resulted in the award of ISO certifications for ISO 45001, 14001 and 50001.

Excluding CIS, 39 percent of employees worked at locations with ISO 45001 certification in 2024 (2023: 36 percent).

The GPMS will be rolled out globally throughout the PALFINGER organization in the coming years in accordance with the group policy certification requirements.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES

- Working conditions that may cause physical health problems
- Working conditions that may cause physical health problems
- Ensuring health and safety in the workplace
- Avoiding accidents through preventive measures

MONITORING PROCESS:
The policy is monitored by the Process & Quality Management function by means of a defined implementation plan and reporting mechanisms.

Corporate Internal Audit has the authority to conduct audits to assess the design and effectiveness of this group policy, thereby supporting the monitoring function of the Executive Board and Supervisory Board.

(MDR-b):
The PALFINGER HSE management system and the internal employee protection standards contained therein apply globally to all employees. The requirement for external ISO 45001 certification applies to sites with more than 100 employees.

(MDR-c):
The Process & Quality Management function, together with Corporate HSE Management, is responsible for implementing the policy. The policy has been approved by the Executive Board.

(MDR-d):
In the course of implementing the policy, the company has undertaken to comply with the ISO 45001 standard.

(MDR-e):
When defining the policy, the interests of employees as well as those of suppliers, customers, insurers and banks were taken into account, following inquiries and discussions with these stakeholders, who expect PALFINGER to have a certified employee protection management system in place.

(MDR-f):
Employees can access the Group Policy Certification Requirements for PALFINGER Sites and Audit Management through the group policy system on the intranet.

Policy 4: Group Policy Occupational Health & Safety Management and PALFINGER occupational health & safety policies

(MDR-a):

KEY CONTENTS AND OBJECTIVES:
The objective of the Group Policy Occupational Health & Safety Management is to introduce and maintain a global standard for occupational health and safety management in order to ensure legal security in matters of employee protection, minimize occupational health and safety risks, prevent work-related accidents and reduce hazards and stress, thereby fostering safe and healthy workplaces.

The policy outlines the group’s occupational safety management system, including legal security management, occupational safety organization, HSE audits and measures for improvement.

Additionally, it provides references to the globally applicable PALFINGER occupational health & safety policies, which regulate the following areas of workplace safety in detail:

- Occupational safety management
- Occupational safety organization
- Legal security in employee protection
- Emergency management
- Fire and explosions
- Hazardous substance management
- Machinery and plant safety
- PALfit health management
- Personal protective equipment
- Safe working practices
- Recurring safety-related inspections and measurements
- Occupational medicine and health protection

Each site assesses compliance with country-specific employee protection laws by means of a globally available legal information system for employee protection laws and regulations, thus ensuring legal certainty in matters of employee protection.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES
- Working conditions that may cause physical health problems (such as burnout or depression)
- Working conditions that may cause physical health problems (injuries such as fractures, cuts, lacerations, hematomas, sprains, bruises, traumatic amputations, etc. and work-related illnesses)
- Ensuring health and safety in the workplace
- Avoiding accidents through preventive measures

MONITORING PROCESSES:
The sites and their occupational safety managers assess the implementation, compliance and enforcement of these occupational health and safety policies annually in the form of internal occupational safety audits. Corporate and regional HSE management conduct supplementary HSE audits. The results are documented in audit reports, and any areas for improvement or deviations identified are addressed through corrective actions, thereby ensuring both continuous improvement and compliance with the occupational health and safety policies.

Corporate Internal Audit has the authority to conduct audits to assess the design and effectiveness of this group policy, thereby supporting the monitoring function of the Executive Board and Supervisory Board.

(MDR-b):
This policy applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence (according to IFRS reporting).

(MDR-c):
Corporate HSE Management is responsible for implementing the policy. The group policy has been approved by the Executive Board.

(MDR-d):
In the course of implementing the policy, the company has undertaken to comply with the ISO 9001 and ISO 45001 standards.

(MDR-e):
When defining the policy, the interests of employees as well as those of suppliers, customers, insurers and banks were taken into account. These stakeholders expect PALFINGER to implement appropriate global occupational health and safety management standards.

(MDR-f):
Employees can access the Group Policy Occupational Health & Safety Management through the group policy system on the intranet. The occupational health & safety policies are updated daily and can be accessed online at all PALFINGER sites in the HSE management software

Policy 5: Group Policy Learning

(MDR-a):

KEY CONTENTS & GENERAL OBJECTIVES:
At PALFINGER, training and continued education is an important part of securing all the necessary technical and social skills for the future. Learning is one of PALFINGER's core values, underscoring the company's commitment to the continuous training and development of its workforce in order to foster the personal development of all employees and the growth of the company. The objective of the Group Policy Learning is to establish a universal framework for all formal educational and developmental measures and to provide guidance for decision-making processes.

To strategically embed learning at a global level and to manage cross-functional cooperation, each global and corporate function has its own learning guide. This role supports the ongoing assessment of training needs within their respective function. PALFINGER aims to promote a company-specific learning culture and to strengthen PALFINGER as a digital learning organization.

The Learning Policy grants employees the autonomy to dedicate up to two hours of their working time per month to digital learning resources covering both job-related and supplementary subjects. If required, the senior functional manager can increase the number of hours per month.

The development of global standards and tools for training and development measures promotes a company-specific learning culture and strengthens PALFINGER as a digital learning organization.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES:
- Creation of an attractive work environment through training and further development options
- Shortage of qualified personnel

MONITORING PROCESSES:
Evaluations and analyses of completed training and development measures are the responsibility of Learning & Development, which is part of Human Resources. Corporate Internal Audit has the authority to conduct audits to assess the design and actual implementation of this group policy, thereby supporting the monitoring function of the Executive Board and Supervisory Board.

(MDR-b):
This policy applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence.

(MDR-c):
The Center of Excellence People Development & Culture, which is part of Global Human Resources, is responsible for implementing the policy and taking appropriate measures. The group policy has been approved by the Executive Board.

(MDR-e):
PALFINGER maintains an ongoing dialogue with stakeholders regarding the Group Policy Learning. The interests of senior management and employees at PALFINGER are identified in the course of employee interviews and surveys, performance & development reviews, regular meetings with line managers, etc.

(MDR-f):
Employees can access the Group Policy Learning through the group policy system on the intranet.

Policy 6: Recruiting Policy

(MDR-a):

KEY CONTENTS AND OBJECTIVES:
PALFINGER's employees are vital to the company's success. In recognition of this, PALFINGER cultivates a work environment that fosters both professional growth and personal advancement. PALFINGER strives to attract talented and qualified employees and offers opportunities for development and career progression by building and preserving expertise within the organization. PALFINGER aims to offer attractive employment opportunities and encourages employees to shape their own work environments and long-term career prospects. The recruitment process is designed to ensure equal opportunities for all candidates, emphasizing transparency, communication, fairness, diversity, quality and confidentiality.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES:
- Creation of attractive employment opportunities by embracing diversity in the workforce and integrating it into corporate culture
- Creation of attractive employment opportunities through training and development options
- Avoiding discrimination against specific groups of employees (e.g., persons with disabilities)
- Ensuring fair wages
- Shortage of qualified personnel

A standardized recruitment process ensures that every application is met with equal opportunities and transparency during the application process. This approach enables PALFINGER to foster a workforce characterized by diversity and inclusion. Paying adequate salaries that correspond to the skills and qualifications of employees is important to PALFINGER and ensures that the salary level aligns with statutory requirements and collective bargaining agreements.

MONITORING PROCESSES:
Evaluations and analyses of the Group policy are the responsibility of Global HR, which is part of Human Resources, in 2024, increased training sessions were conducted for this purpose. Corporate Internal Audit has the authority to conduct audits to assess the design and actual implementation of this group policy, thereby supporting the monitoring function of the Executive Board and Supervisory Board.

(MDR-b):
This policy applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence. The current Recruiting Policy is effective in its present form. Efforts are underway to develop it further, adding more detailed specifications on roles, procedures and approval processes.

(MDR-c):
The respective functional management is responsible for implementing the group policy, complying with the standards set out therein and bringing them to the employees' attention. Global HR is responsible for establishing, maintaining and adapting the Group Policy. The policy has been approved by the Executive Board.

(MDR-f):
Employees who are the stakeholders affected by this policy can access the Recruiting Policy through the group policy system on the intranet. External stakeholders do not have access to the Recruiting Policy.

Policy 7: Anti-Harassment & Anti-Discrimination Policy

(MDR-a):

KEY CONTENTS AND OBJECTIVES:
Harassment and discrimination in the workplace not only violate fundamental human rights and cause serious health problems, but also disrupt productivity, diminish morale and may result in severe legal consequences for both individuals and the company. This policy therefore aims to create and maintain a workplace that is free from harassment, bullying and discrimination, ensuring that all employees are treated with dignity and respect. It is essential for upholding PALFINGER's ethical standards, promoting a safe work environment and complying with legal requirements globally and regionally.

This policy is in alignment with international labor laws and other applicable laws in the regions where PALFINGER operates. Beyond legal obligations, respect, integrity and cooperation are core values of PALFINGER.

This policy is in alignment with the PALFINGER Code of Conduct and emphasizes a zero-tolerance attitude to any form of harassment or discrimination. It covers all forms of harassment, including, but not limited to, sexual harassment, bullying and discrimination.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES:
This group policy contributes to mitigating the negative impacts of discrimination and workplace violence on employees. Curbing harassment prevents the emergence of a toxic work environment, declining morale and increased absenteeism.

For PALFINGER, fostering teamwork and trust is particularly important, given that harassment can compromise safety standards, ultimately leading to accidents and injuries. Compliance with this group policy therefore positively impacts employee well-being by enhancing occupational safety and preventing workplace accidents.

MONITORING PROCESSES:
Employees who experience or witness harassment or discrimination are encouraged to report the incident to their line manager, the HR department or to the Integrity Line – PALFINGER's anonymous whistleblower reporting system. At PALFINGER, all individuals in management roles have an additional duty of due diligence and care when it comes to containing, reporting and eliminating any form of harassment and/or discrimination in the workplace.

(MDR-b):
This policy applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence.

Violations of this group policy will incur appropriate disciplinary measures, up to and including termination of employment. Retaliatory actions against individuals who report harassment and/or discrimination, or against individuals participating in the investigation of harassment and/or discrimination cases, are strictly prohibited and will be met with disciplinary measures.

(MDR-c):
CHRO is responsible for establishing and maintaining this group policy and its underlying processes. Compliance with the standards contained in the policy is required of all employees within the organization. The policy has been approved by the Executive Board.

(MDR-f):
Employees can access this group policy through the group policy system on the intranet. Additionally, all employees received an email newsletter in December 2024 briefing them on the new policy.

3.1.2.2 S1-2 – Processes for engaging with own workforce and workers' representatives about

(S1-2.27 und 27a):
PALFINGER incorporates the perspectives of its own workforce into its decisions and activities both directly and indirectly by engaging with employee representatives through a variety of well-established formats. PALFINGER is aware of the critical contribution of its workforce to the company's future development, encourages an active dialogue with management and, as a result, fosters positive impacts such as ensuring health and safety at work through the Health & Safety System, creating and promoting safe workplaces as well as facilitating freedom of association, trade unions and collective bargaining, social dialogue and works councils.

Additionally, PALFINGER seeks to identify and mitigate potential negative impacts on employees at an early stage. These include working conditions that may cause mental and physical health problems, discrimination against specific groups of employee s, as well as violence and harassment at the workplace.

(S1-2.27b):
Engagement with employees occurs at both the organizational level and at site level. The level at which engagement occurs depends on the forms of engagement outlined below:

Site level:
- Works meetings

Group level:
- Dialogue between managers and employees
- Employee surveys
- Employee representation on the Supervisory Board

DIRECT FORMS OF ENGAGEMENT::
- Regular dialogue between employees and managers (performance & development reviews, opportunities for regular exchange). There is a standard operating procedure for the performance & development reviews which mandates at least three meetings annually. Feedback from these meetings is recorded in HR system, thereby ensuring accessibility at any time.
- Works meetings: These are forums for addressing issues that affect the workforce and require direct exchange between employees, the works council and the employer. Works meetings are held site-specific on an as-needed basis to address specific issues.
- Employee survey: Employees are afforded the opportunity to provide open, anonymous feedback, which serves as a source of actionable insights for enhancing employer performance. The results of the employee survey also serve as a basis for the regular talks between employees and managers. The last employee survey took place in 2024 for Austria and Germany. A global employee survey is planned.

INDIRECT FORMS OF ENGAGEMENT:

- Employee representation on the Supervisory Board: The guaranteed representation of employees on the Supervisory Board ensures that employees' needs and concerns are taken into account and actively integrated into the decision-making process regarding the company's future direction and strategies. Supervisory Board meetings are held multiple times throughout the year on specific dates and are aligned with the company's financial year.
- Regular exchange between Executive Board and works council multiple times throughout the year or as needed for the development and adoption of works agreements.

(S1-2.AR24-b&c)
The individual interests and needs of PALFINGER's own workforce are taken into account in a way that is as balanced as possible. In this context, PALFINGER maintains an ongoing dialogue with stakeholders. Policies and actions should not favor or disadvantage any particular group of employees.

Feedback is gathered using the formats outlined in section S1-2.27b, with opportunities for direct engagement playing a particularly important role. PALFINGER aims to foster a culture of continuous feedback through the established formats. The feedback collected is discussed and analyzed in various meetings or designated committees. Depending on its relevance and feasibility, this feedback is then integrated into decision-making processes. When employee suggestions are implemented, this is communicated directly to the originator of the respective idea.

(S1-2.AR24-d):
Internal resources, both human and financial, are allocated in the course of evaluating and planning individual engagement actions. In this context, efforts are made to ensure that sufficient resources are available to successfully implement such measures. If there is a need for external support, this also taken into account on a case-by-case basis.

Dialogues between managers and employees, as well as works meetings, rely exclusively on in-house resources. Internal and external resources are used for employee surveys. The process is managed and implemented internally. External resources are used to provide the survey tool and any subsequent analyses.

(S1-2.AR24-e):
At present, PALFINGER's workforce experiences no impacts from the reduction of carbon emissions or the transition towards greener and climate-neutral operations. However, to involve employees in the development of measures to mitigate climate change, the "Innovation Challenge" initiative was launched, allowing employees to submit proposals aimed at reducing the carbon footprint and increasing energy and resource efficiency.

(S1-2.27c):
The Executive Board has overall responsibility for the engagement of all employees; the Human Resources department manages and supports the process.

(S1-2.27d):
PALFINGER has supported the UN Global Compact since 2013 and is committed to its ten principles on human rights, working conditions, the environment and anti-corruption measures. PALFINGER is also committed to the OECD Guidelines for Multinational Enterprises (for details, see S1-1.20a).

The primary objective of all agreements negotiated and concluded between employer and employee representatives is to improve working conditions and ensure that human rights are respected. The engagement of employee representatives ensures that such agreements reflect the perspectives and interests of PALFINGER's employees.

(S1-2.27e):
Based on PALFINGER's experience, the dialogue formats outlined in section 27 b) are effective instruments for incorporating the perspectives and requirements of employees into the company's decisions and activities.

3.1.2.3 S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns

(S1-3.32a):
The current version of PALFINGER's Code of Conduct defines the essential legal and ethical principles for doing business. Possible violations of laws and internal policies can be reported using the "Integrity Line". This allows for the voicing of concerns and complaints related to negative impacts such as working conditions that may cause physical and mental health problems, as well as violence and harassment at the workplace and discrimination, and the implementation of appropriate remedial action. Corrective measures range from discussions and raising awareness to appropriate disciplinary measures, up to and including termination of employment. Details on specific actions are provided in section S1-4.

In PALFINGER's opinion and experience, the formats for the direct and indirect engagement of employees outlined in section 27 b) are effective procedures for identifying potential negative impacts on PALFINGER's employees and initiating appropriate actions to reduce or prevent them.

(S1-3.32b):
The following channels have been established by PALFINGER itself:

- Direct reporting through managers or regional HR officers
- "Integrity Line"
- Contacting GRC directly
- Works council consultation hours

(S1-3.32c):
Possible violations of laws and internal policies can be reported using the "Integrity Line". Reported violations of the law, the Code of Conduct or other group policies were continuously evaluated. Where suspicious cases were substantiated, they were investigated by Corporate Internal Audit and appropriate improvement actions were defined with the responsible management.

(S1-3.32d):
Assess to training and technical support is available to ensure that all employees are equipped to effectively utilize the above-referenced channels.

(S1-3.32e):
The channels and formats available for employees to voice their concerns and needs, such as the Integrity Line, outlined in section G1 under MDR-P e) and f) of the policy for the prevention and detection of corruption and bribery, are established tools that are also made known to employees through trainings and/or other internal communication measures. Additionally, there are opportunities for dialogue between managers and employees, which follow a defined rhythm. This regularity ensures that the problems raised are addressed and that employee interests are taken into account. Feedback loops in the form of internal communication platforms, newsletters or meetings ensure that stakeholders are updated on the status of the issues they submitted and that transparency is maintained.

(S1-3.33):
Every PALFINGER employee must complete mandatory training on the Code of Conduct. This training points out the different channels available for reporting concerns or complaints. In this way, PALFINGER ensures that all employees are aware of these channels and that their effectiveness is guaranteed.

Protection from retaliation against individuals is ensured by providing the means for anonymous reporting through the Integrity Line. This enables employees to report misconduct or complaints without fear of retribution.

Every allegation of reported misconduct is investigated. By employing a defined process and maintaining transparency, it is demonstrated to employees that every report is taken seriously and investigated with due diligence and care. Where suspicious cases are substantiated, they are investigated by Internal Audit and appropriate improvement measures are defined with the responsible management.

3.1.2.4 S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

GENERAL INFORMATION ON ACTIONS

(S1-4-38a):
Actions to prevent or mitigate material negative impacts:
- Mobile Work Group Policy
- PALfit Active Moments
- Global accident reporting and investigation system

(S1-4-38b):
Actions to provide remedy in relation to actual material impacts:
Code of Conduct and the reporting and complaint procedure described therein.

(S1-4-38c):
Actions with the purpose of delivering positive impacts:
- Health & safety initiative
- European works council and employee engagement
- Performance & development reviews
- Health & safety trainings
- Global accident reporting system
- Learning management system

(S1-4-38d):
Effectiveness monitoring:
The effectiveness of the actions and initiatives is tracked and assessed by the responsible department in the context of standard operating procedures.

(S1-4-39):
PALFINGER has a deep-rooted and extensive understanding of the company's business model and the existing industry standards. The respective departments and the communication channels used by employees facilitate the implementation, continuous assessment and tracking of appropriate actions.

There is no standardized process for developing actions, as not all actions relate to the same material impacts. Actions are therefore formulated on the basis of significant impacts.

(S1-4-40):

Actions planned or underway to mitigate material risks for the undertaking:
The risk associated with a shortage of qualified personnel is addressed by the Recruiting Policy and the Learning and Anti-Harassment & Anti-Discrimination Policy. To achieve the target of a voluntary staff turnover of six percent, PALFINGER is implementing various actions, such as mobile working options, a learning management system or performance & development reviews.

(S1-4-41):

The continuous exchange with employees, coupled with the knowledge of PALFINGER's business model and processes, ensures that the actions minimize the negative impacts for employees as much as possible. There are reports on topics such as staff turnover, performance and development reviews, training and further education and accidents, which provide inside into ESG metrics.

(S1-4-43):

Each action is assessed against its projected target. Human and financial resources are made available for this purpose, which ensures successful implementation of the action. Human resources are provided by Health Management, Safety, Learning & Development and the works council, which are impacted by the actions.

ACTION 1: HEALTH & SAFETY INITIATIVE

(MDR-a):

The health & safety initiative was carried out jointly by PALfit and Corporate HSE Management. Its objective was to raise awareness about potential hazards and the underlying causes of health issues and to achieve a preventive effect with regard to negative impacts related to physical health. The Health & Safety Initiative contributes to the compliance with the objectives of the Health Management Policy, the Group Policy Occupational Health & Safety Management, and the PALFINGER Occupational Safety Guidelines. The initiative served as a preventive measure and included two focus programs:

The program “2 Hands 10 Friends”, organized by Corporate HSE, aimed at preventing hand and finger injuries, which represent nearly half of all workplace accidents at PALFINGER.

PALfit's “Power Up” program focused on musculoskeletal disorders and the prevention of associated back problems.

(MDR-b):

The program was rolled out globally at all production sites and at the larger sales & service sites, targeting all employees. Site management employed a mix of posters, video content and instructions to ensure that all employees were reached.

(MDR-c):

The two global health & safety initiatives were launched in 2023. They were continued in 2024, but no longer as a primary focus. Videos and information materials continue to be used for training and other purposes.

ACTION 2: PALFIT ACTIVE MOMENTS

(MDR-a):

The global campaign “PALfit Active Moments” is designed to promote employee health. PALFINGER employees are made aware of the action by email and on the intranet. Throughout the month of October, employees worldwide accumulated minutes of physical activity, thus heightening awareness about health among employees for one whole month. The measure contributes to the compliance with the objectives of the Health Management Policy.

The methodology for developing the action described above is based on the recommendations of the WHO, the OHS and the Workplace Health Promotion Network.

The target set for 2024 – 1,000 participants and more than 1.1 million minutes of physical activity accumulated – was surpassed. In recognition of this achievement, PALFINGER donated EUR 10,000.00 to Doctors Without Borders. A total of 1,119 employees from 47 different nations worldwide took part in the campaign, collectively accumulating a total of 1,153,596 minutes of physical activity to boost their health. Furthermore, the health information provided during the campaign (e.g., on taking breaks for movement, training plans for walking and running, core stability programs and nutrition tips) is intended to foster a better understanding of the beneficial impacts of regular physical activity among employees.

(MDR-b):
There are no geographical limits for this action. All PALFINGER employees worldwide can participate in PALfit Active Moments.

(MDR-c):
PALfit Active Moments is an action that takes place annually.

(MDR-d):
PALfit Active Moments is a preventive action exclusively for PALFINGER's own operations.

(MDR-e):
The action has already taken place five times. The number of participants has increased from 600 in 2020 to 1,119 in 2024.

In 2024, a total of over one million minutes of physical activity were accumulated, thereby surpassing the World Health Organization's recommended weekly exercise goal of 150 minutes per participant.

ACTION 3: HEALTH & SAFETY TRAININGS

(MDR-a):
At present, PALFINGER has a library of around 750 online safety videos and safety instructions in 15 languages. These resources are available for use by all employees at all sites at any time to meet specific needs as they arise. The determination of which trainings are mandatory or optional for employees is made at site level, based on the nature of the respective activities and/or hazards.

Online safety trainings are mainly intended to enhance employees' ability to assess hazards and risks and to cultivate a heightened awareness of safety practices in order to prevent accidents at work. The measure contributes to the compliance with the objectives of the Health Management Policy, the Group Policy Occupational Health & Safety Management, and the PALFINGER Occupational Safety Guidelines. Additionally, the measure leads to the achievement of the Group Policy Certification Requirements for PALFINGER Sites and Audit Management. The trainings cover the following key safety topics:

- Personal protective equipment
- Hazardous materials
- Fire safety
- Physical, chemical and mechanical hazards
- Machinery safety
- Hazards and stress factors in the metalworking industry

(MDR-b):
The safety trainings are used globally; their primary purpose is to instruct employees, but also visitors and contractors.

(MDR-c):
Online safety trainings have been offered since 2022, with new content being added on an ongoing basis.

(MDR-d):
The primary target group for safety trainings consists of employees at the production sites who perform manual activities and are most frequently affected by accidents.

(MDR-e):

In the reporting period, 126 global training videos were produced, and 422 site-specific trainings were uploaded to the system and made accessible for instructional purposes.

ACTION 4: GLOBAL ACCIDENT REPORTING SYSTEM

(MDR-a):
Workplace accidents and near misses are tracked on a daily basis through a global accident reporting system, with accident rates being statistically analyzed.

Every accident is documented and subjected to a cause analysis. Based on these analyses, improvement and prevention measures are developed and implemented to avoid future accidents, and hazard analyses are updated accordingly. The measure contributes to the compliance with the objectives of the Health Management Policy, the Group Policy Occupational Health & Safety Management, and the PALFINGER Occupational Safety Guidelines. Additionally, the measure leads to the achievement of the Group Policy Certification Requirements for PALFINGER Sites and Audit Management.

The ultimate goal is to better understand the causes of accidents, thereby enabling the adoption of targeted measures to keep the number of accidents as low as possible.

(MDR-b):
The accident reporting system encompasses all PALFINGER sites.

(MDR-c):
The action was initiated in 2022 and has been continued on an ongoing basis since then.

(MDR-d):
The accident reporting system and investigations serve as a basis for formulating measures aimed at protecting the affected employees from future accidents.

(MDR-e):
In 2024, a total of 138 accident detail investigations were conducted for 203 accidents.

ACTION 5: WORKING TIME: MOBILE WORK GROUP POLICY

(MDR-a):
Contemporary information and communication technologies have paved the way for work being performed away from PALFINGER’s physical locations. Embracing a flexible and practical approach to work organization, mobile work is deemed beneficial and conducive in certain cases, but requires a culture of mutual trust between employer and employee.

Mobile work should offer employees the opportunity to better reconcile professional commitments with family life and private interests, while also encouraging a greater degree of autonomy in task execution. These measures are aimed at increasing job satisfaction among employees and enhancing PALFINGER's appeal on the labor market.

Mobile work therefore serves as a supplementary component of work performed on-premise, which can be used up to a maximum specified and mutually agreed amount of time. This intentionally imposed time limit is designed to further promote the company's social structure, which is essential both for the quality of work and for the social integration of employees.

The global principles for mobile work stipulate the following aspects:

- Employees must have the option of up to ten days of mobile work per month
- A framework for hybrid collaboration must be agreed between manager and team
- Employees are responsible for setting up an appropriate mobile workspace
- Employees are responsible for complying with PALFINGER's information security policies

The home office agreement minimizes negative impacts, particularly employee demotivation due to inflexible schedules or excessively long working hours.

The action helps to enhance employee retention and satisfaction. Satisfied employees are more loyal and committed, which in turn positively influences corporate culture.

Furthermore, mobile work promotes diversity and inclusion, by enabling employees with caregiving responsibilities, those caring for relatives or individuals with disabilities, to participate in the workforce.

(MDR-b):
In general, the principles for mobile work apply to the entire PALFINGER organization and must be implemented unless adjustments are required by local laws or regulations. The local HR managers are required to ensure implementation at the sites. Local adjustments or specifications are documented in local policies.

The local HR managers, in consultation with the regional HR managers, evaluate the necessity of adjusting the defined principles for the sites within their area of responsibility. This coordination with the regional HR managers is intended to ensure a consistent approach across a country and in the individual regions. Mobile work requires an additional agreement between employee and manager. For certain occupational groups, mobile work is either not possible or only possible to a very limited extent due to the nature of the respective job.

Adjustments may be needed and documented in a local policy based on factual circumstances in the following cases:

- Local legal requirements related to mobile work (e.g., labor laws)
- Market-specific requirements (e.g., regulations for differentiation from competitors)
- Other relevant requirements (e.g., common practices in a country)

(MDR-c):
This is an ongoing action.

(MDR-d):
The Mobile Work Group Policy was introduced during the Covid-19 pandemic to minimize negative impacts.

ACTION 6: SOCIAL DIALOG: EUROPEAN WORKS COUNCIL AND EMPLOYEE ENGAGEMENT

(MDR-a):

A European works council was established in 2022 to amplify the interests of the PALFINGER Group's employees. The European works council promotes an annual exchange of delegates with the members of PALFINGER's Executive Board. In addition, working groups comprising members of the European works council and the global HR departments have been established.

The European works council fosters social dialogue and also facilitates more intensive knowledge sharing between the individual countries, which contributes to elevating social standards at the different sites. The European works council serves as a conduit for employees to indirectly influence corporate decisions and as an additional platform for exchanging information about PALFINGER's business development and strategic direction. Therefore the measure contributes to the adherence to the principles of the Code of Conduct.

At the annual meetings of the European works council, different work packages are assessed and analyzed for their impact on the workforce. Examples of specific initiatives of the European Works Council include:

- Standardization of PALFINGER's training standards for all occupational groups (see action "Performance & Development Reviews", currently implemented for indirect employees only)
- Harmonization of roles and pay across genders
- Standardization and reorientation of bonus schemes

(MDR-b):

The initiatives of the European works council generally relate to cross-site topics on which, depending on the respective action, multiple sites collaborate. The core element of all European works council initiatives is the dual goal of fostering positive outcomes for employees and avoiding any negative impacts.

Based on their scope, the work packages are grouped into the following categories:

- All employees are affected
- Production or administration
- Topics concerning the Marine segment

(MDR-c):

The European works council is an implemented action with a set of standard operating procedures. Initiatives of the European works council have different time horizons which usually range from six to 36 months.

(MDR-d):

The action to establish a European works council was initially conceptualized as a preventive measure to give employees another opportunity to influence decision-making processes. Specific activities of the European works council encompass both preventive and remedial actions. After their implementation, outcomes are evaluated and compared. This process is tailored to each specific initiative undertaken by the European works council. All actions are coordinated with the Executive Board, with a regular exchange taking place.

ACTION 7: PERFORMANCE & DEVELOPMENT REVIEWS (PDR)

(MDR-a):
PALFINGER focuses on staff development and comprehensive training and continued education measures to retain employees in the long term and recruit new talent. Individual development targets are agreed in addition to annual targets. These are reviewed at the end of the year as part of a globally standardized Performance & Development Review (PDR).

Ensuring consistent performance and its continued advancement are critical prerequisites for the company's long-term success. To promote both of these areas, the implementation of the PDR process was a first step towards establishing a global performance and talent management framework within the PALFINGER organization. The development and updating of individual skills and the planning and evaluation of individual performance are the two core elements of the annual PDR process.

The goal of the PDR is to manage individual performance and promote the development of each and every individual. The measure contributes to the Anti-Harassment & Anti-Discrimination Policy and indirectly to the Recruiting Policy by creating an attractive work environment. The standardized process supports:

- Fairness: Individual performance undergoes evaluation and discussion based on uniform criteria across the entire PALFINGER Group.
- Developing strengths: Discussing development measures and steps is a key part of the PDR. The focus should be on enhancing individual strengths.
- Feedback and cooperation: Regular feedback exchanges occurring three times per year enhance teamwork between employees and managers and promote employee retention.

The target and development agreement is the first step in the annual PDR cycle. It sets job-related targets and identifies which leadership and initiative behaviors are to be emphasized. The mid-year review primarily serves to assess progress toward these job and development targets. The year-end appraisal focuses on evaluating and discussing the achievement of the targets and leadership/initiative behaviors set out in the agreement. It also provides an opportunity for mutual feedback and a conclusive status review of the development measures planned at the outset.

(MDR-b):
The target group for the PDR comprises all indirect employees throughout the PALFINGER Group who are in an active employment relationship. The following groups are not included in the process:

- Direct employees (employees working in production or in production-related areas)
- Apprentices, trainees, interns, employees with fixed-term contracts and contingent staff

However, clear targets and feedback are deemed essential for these groups as well and are thus ensured through mechanisms outside the PDR process. Direct employees are regularly provided with feedback and opportunities for job-specific development and training. Apprentices and trainees follow a structured curriculum with regular feedback throughout their training period. Interns receive feedback from their line managers at the end of their internship. Contingent staff, being employed by an external company, do not fall under PALFINGER's direct supervisory authority. They nevertheless receive ongoing feedback in the context of their daily work.

This action relates solely to PALFINGER's own operations, excluding any consideration of the upstream and downstream value chain.

(MDR-c):
The annual PDR process must be executed in compliance with the relevant deadlines. This is an annually recurring action.

(MDR-e):
The annual PDR process was completed in full at the end of March 2024 and recorded in the system. The completion rate was 86.4 percent (2023: 82.8 percent).

ACTION 8: LEARNING MANAGEMENT SYSTEM

(MDR-a):
The introduction of a global learning management system creates the framework for digital learning, but also requires uniform and standardized processes. Serving as a technical basis, the global learning management system bundles all learning and development measures into one system environment. A dedicated platform supports the development, administration and documentation of training measures within the PALFINGER Group. The following training formats can be provided through this platform:

- In-person classroom training
- Webinars (training in virtual classrooms)
- E-learning (digital content for independent study)

To ensure appropriate documentation, it is mandatory that all trainings are offered and conducted on this platform. The measure contributes to the compliance with the objectives of the Group Policy Learning

Additionally, employees have access to the learning platform that offers over 14,000 e-learning courses.

(MDR-b):
The target group for the learning management system comprises all PALFINGER employees globally. This action relates solely to PALFINGER's own operations, excluding any consideration of the upstream and downstream value chain.

(MDR-c):
This is an action that has been implemented. The Learning Management System was implemented in 2021. PALFINGER is continuously working on expanding the range of trainings on offer.

(MDR-e):
People Development & Culture conducts evaluations of the completed trainings on a regular basis. These evaluations provide insights into the training dynamics at PALFINGER, including participant engagement and the total number of trainings undertaken. Based on these insights, conclusions can be drawn as to which trainings are of particular interest for certain areas, guiding the development of new and relevant training options. Additionally, these evaluations are used to set specific priorities for leadership training or expert masterclasses, ensuring that training offerings are tailored to meet organizational needs.

3.1.3 Metrics and targets – S1 Own workforce

3.1.3.1 S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

TARGET 1: VOLUNTARY STAFF TURNOVER NO MORE THAN SIX PERCENT

(S1-5-46):
PALFINGER has set itself the group-wide target of keeping voluntary staff turnover at around six percent on a rolling average over the last twelve months.

Actions addressing working time and work-life balance, such as the home office agreement, have been implemented to counteract the negative impacts of demotivation among employees and the risk of a shortage of qualified workers. The actions PDR and learning management system also contribute to greater job satisfaction and support the target of reducing staff turnover.

(S1-5-47):
Staff turnover is calculated monthly based on available data and can be viewed and analyzed at both the regional and functional level using the HR reporting tool. This facilitates the tracking of progress towards target achievement and allows for the initiation of amendatory actions, if required. Employees and their representatives were not involved in setting the goal.

(MDR-a):
To reduce staff turnover and/or keep it at the intended target level, the recruiting policy in its current form is designed to identify suitable candidates through a standardized and transparent process, thereby keeping staff turnover as low as possible.

Additionally, the Code of Conduct helps to ensure that, alongside economic factors, social and ethical workplace aspects are also taken into account. This contributes to creating a work environment that positively impacts staff turnover.

(MDR-b):
The defined target level is six percent voluntary staff turnover on a rolling average over the last twelve months.

(MDR-c):
The target is defined for the entire PALFINGER Group. The calculation of the staff turnover rate incorporates data from all sites.

(MDR-d):
The baseline value is always the previous year’s figure. At PALFINGER, the staff turnover rate is analyzed monthly, comparing it against the figures from the same month in the prior year/the preceding month.

(MDR-e):
The target applies permanently; target achievement is reviewed annually.

(MDR-f):
The target is based on experience-based figures developed by PALFINGER internally from the analysis of past data and a degree of leverage to reduce employee turnover.

(MDR-h):
The target was defined in consultation between Human Resources and the Executive Board and presented to the Supervisory Board for acknowledgement.

(MDR-i):
The target definition was changed in 2024 to specifically focus on voluntary staff turnover as this is considered more relevant for control purposes. Previously, the target definition was based on general turnover and was 15 percent.

(MDR-j):
Staff turnover is calculated monthly based on available data and can be viewed and analyzed at both the regional and functional level using the HR reporting tool.

In 2024, the turnover target was once again met and stood at 5.0 percent.

TARGET 2: PROPORTION OF WOMEN IN TOP MANAGEMENT

(S1-5-46):
PALFINGER is committed to measurable diversity targets and abides by the relevant indicators. The target is to align the proportion of women in top management (global management team) with the general proportion of women within the PALFINGER Group. The Global Management Team comprises the Executive Board, the heads of global and corporate functions, the heads of product lines, the heads of purchasing categories and the regional function heads. The overall current proportion of women in 2024 was 14.9 percent.

(S1-5-47):
The percentage of women in management positions is calculated monthly based on available data and can be viewed and analyzed at both the regional and functional level using the HR analysis reporting tool. Employees and their representatives were not involved in setting the goal.

(MDR-a):
The target of the diversity plan – achieving a balance according to professional and diversity-related aspects – as outlined in the Corporate Governance Report is reflected in the target for the proportion of women in top management.

(MDR-b):
The target is to align the proportion of women in top management with the general proportion of women within the PALFINGER Group. This means that the proportion of women in top management is equal to the proportion of women in the overall workforce, which stood at 14.9 percent in 2024. This target was defined as an ongoing target.

(MDR-c):
The target is defined for the entire PALFINGER Group. The calculation of the proportion of women in management positions incorporates data from all regions.

(MDR-d & e):
The target is an annual target that has no specific end date. The baseline value is the general proportion of women within the PALFINGER Group.

(MDR-f):
PALFINGER determined the target internally. Given the historical context, PALFINGER operates in a male-dominated sector and the Executive Board and top management (one to two levels below the Executive Board level) are predominantly male. PALFINGER appreciates the enormous advantages of an increasingly diverse workforce and therefore also promotes this diversity at the top management levels.

(MDR-h):
The target was defined in consultation between Human Resources and the Executive Board and presented to the Supervisory Board for acknowledgement.

(MDR-i):
No changes were made to the target definition in 2024.

(MDR-j):
The percentage of women in management positions is calculated monthly based on available data and can be viewed and analyzed at both the regional and functional level using the HR reporting tool.

At the end of 2024, 7.8 percent of positions in the global management team were held by women (2023: 6.2 percent). This is below the 14.9 percent overall proportion of women at PALFINGER in 2024 (2023: 12.9 percent). Currently, there are no targeted global measures in this regard. However, this is planned for the coming years, and preparations are being made.

TARGET 3: REDUCTION OF WORKPLACE ACCIDENT RATE

(S1-5-46):
With regard to occupational safety, PALFINGER has set itself the goal of successively reducing work-related accidents with injuries to a minimum. Control is based on the Total Recordable Injury Rate (TRIR), which measures work-related accidents with injuries per million hours worked. The TRIR calculation already takes into account minor medical treatment cases with a downtime of one hour or more, as well as all injuries and downtime in excess of this.

(S1-5-47):
The TRIR accident rate is continuously tracked globally and on a site-specific basis. If accident rates exceed the target value or negative trends emerge, actions are implemented, such as additional health & safety training, safety inspections or the health & safety initiative. Employees and their representatives were not involved in setting the goal.

(MDR-a):
Reducing the accident rate contributes to meeting the targets set forth in the Group Policy Occupational Health & Safety Management and in the PALFINGER safety policies.

(MDR-b):
The TRIR target for 2024 was 11.1 accidents per million hours worked. The TRIR target value for 2030 was defined as 10.2.

(MDR-c):
The TRIR target value is a global target value for the entire PALFINGER Group. Additionally, targets are set for regions and sites, which are monitored through monthly reports submitted to the regional operations and HSE managers, as well as the Executive Board member responsible for development and production.

(MDR-d & e):
The TRIR baseline value is the year 2018 with 26.7 accidents per million hours worked. The TRIR targets and target path have been set until 2030 and will be adjusted at appropriate times for subsequent years.

(MDR-f):
The TRIR accident rate measures the status quo of accident frequency and the effectiveness of accident prevention measures. It is therefore the most important metric for minimizing the number of accidents. According to the U.S. Bureau of Labor Statistics, the manufacturing sector reported an average TRIR of 15.5 in 2020, and the machinery manufacturing sector an average TRIR of 13. This metric, and the comparison with the US, are therefore relevant for setting targets. Further information on the calculation method of the TRIR can be found in the section Key Figures at S1-14.88a-e.

(MDR-h):
The Executive Board, Global Operations, HSE Management, GRC, Sustainability Management and financial entities were involved in setting the target.

(MDR-i):
No changes were made to the target definition in 2024.

(MDR-j):

At PALFINGER, TRIR is continuously recorded as part of a global accident reporting and investigation system and calculated globally, regionally and by location. TRIR can be called up on a daily updated basis, and the rolling twelve-month trend is also monitored in order to facilitate the timely implementation of countermeasures in response to an increasing accident rate.

The TRIR for 2024 of 8.43 (2023: 11.56) was significantly below the target set for that year. This is attributable to the actions implemented such as the Health & Safety trainings or the global accident reporting system, as well as the low production capacity utilization.

3.1.3.2 S1-6 – Characteristics of the undertaking's employees

The number of employees is always given in headcount and as of the reporting date in the following tables. The only exception is turnover, which is calculated in relation to the average number of employees during the reporting period.

S1-6.50a):

Total number of its employees by head count and breakdowns by gender and country

Number of employees	2024
Gender	
Male	10,517
Female	1,841
Other	0
Not reported	0
Total employees	**12,358**

The number of employees in countries where PALFINGER has at least 50 employees, who make up at least 10 percent of the total number of employees, is presented as follows:

Number	2023	2024
Country		
Austria	2,833	2,707
Russia	1,620	1,536
Bulgaria	1,591	1,414

(S1-6.50b):

Total number of employees by type of employment contracts

Number	2024				
	Male	Female	Other	None	Total
Number of employees	10,517	1,841	-	-	12,358
Number of permanent employees	10,289	1,768	-	-	12,057
Number of temporary employees	228	73	-	-	301
Number of non-guaranteed hours employees	-	-	-	-	-

Typically, PALFINGER employs staff on a permanent basis, with fixed-term employment contracts (beyond a locally defined probationary period) being an exception, reserved mainly for a limited amount of project work and professional internships.

(S1-6.50c):

Employee departures and turnover

Number and percent	2024
Total number of departures	2,383
Employee turnover rate	19.0%

Staff turnover takes into account all employee departures (in number of persons) over the course of a year, including voluntary departures, dismissals, retirements and deaths. This metric represents the percentage of departures relative to the average number of employees during the same reporting period. It does not take into account employees joining the company.

3.1.3.3 S1-7 – Characteristics of non-employees in the undertaking's own workforce

(S1-7.55a):

Non-employees within the own workforce (leased personnel)

Number	2023	2024	%
Type of employment			
Contingent staff	346	207	-40.2%
Independent contractors	-	-	
Total number of non employees within the own workforce	**346**	**207**	

(S1-7.55b und c):

At PALFINGER sites, contingent staff (leased personnel) is used primarily in the production processes. The headcount is stated as of December 31, 2024.

3.1.3.4 S1-8 – Collective bargaining coverage and social dialogue

(S1-8.60a):

Collective bargaining coverage

Percent	2023	2024	%
Percentage of all employees covered by collective bargaining agreements.	56.7%	61.8%	5.1%

Interns and contingent staff are not included in the calculation.

(S1-8.60b-c):

Collective bargaining coverage (European Economic Area)

	2024	
	Collective bargaining coverage Employees – EEA (for countries with >50 employees, making up >10% of the total number)	**Social dialogue Workplace representation (EEA only) (for countries with >50 employees, making up >10% of the total number)**
0-19%	Bulgaria	Bulgaria
20-39%		
40-59%		
60-79%		
80-100%	Austria	Austria

(S1-8.63a):

Coverage by workers' representatives

PALFINGER has a European works council, providing representation for 63.9 percent of its employees in the following countries: Romania, Bulgaria, Croatia, Slovenia, Italy, Austria, Germany, Slovakia, Czech Republic, Poland, Norway, Denmark, Sweden, France, Spain, Portugal and Serbia.

3.1.3.5 S1-9 – Diversity metrics

(S1-9.66a):

Gender distribution at top management

	2023		2024	
	Number of employees at top management level	Share of employees at top management level in %	Number of employees at top management level	Share of employees at top management level in %
Male	61	93.8%	65	92.9%
Female	4	6.2%	5	7.1%
Other	-	-	-	-
Not reported	-	-	-	-
Total	**65**	**100.0%**	**70**	**100%**

The top management level at PALFINGER AG is the Global Management Team, which comprises the Executive Board, the heads of global and corporate functions, the heads of product lines, the heads of purchasing categories and the regional function heads.

(S1-9.66b):

Distribution of employees by age group

Number and percent	2024	
	Number of employees	Share of employees in %
under 30 years	2,069	16.7%
30-50 years	7,430	60.1%
over 50 years	2,859	23.1%
Total	**12,358**	**100.0%**

3.1.3.6 S1-10 – Adequate wages

(S1-10.69 & 70):

All employees are paid an adequate wage in line with applicable benchmarks. The basis for calculation is the contractually agreed monthly gross base salary (exclusive of variable components such as overtime and incentive pay, and exclusive of bonuses). The benchmark is the lowest wage group (excluding apprentices/interns) of the minimum wage as defined by law or collective bargaining agreement. For Singapore, Norway and the United Arab Emirates, where there is no applicable minimum wage determined by legislation or collective bargaining, wage benchmarks were used in accordance with ESRS S1-10.

3.1.3.7 S1-11 – Social protection

(S1-11.74):

	2024	
Are all employees socially insured against loss of earnings through public programs or company-provided benefits?	**YES/NO**	**Share of coverage in %**
a) Sickness	NO	99.8%
b) Unemployment from the time the employee starts working for the company	NO	94.8%
c) Work accidents and disability	NO	98.0%
d) Parental leave	NO	99.2%
e) Retirement	YES	100.0%

(S1-11.75):

Countries where employees do not have social protection:

		2024
Country	**Type of employee**	**Type of event**
India	all employees	Sickness, Unemployment, Parental leave
Servia	all employees	Unemployment
Singapore	all employees	Unemployment
UAE	all employees	Unemployment
Qatar	direct employees	Unemployment, Employment injury
USA	all employees	Parental leave

3.1.3.8 S1-13 – Training and skills development metrics

(S1-13.83a):

Employees participating in regular performance & development reviews

Percent	2023	2024
Male	n.k.	27.8%
Female	n.k.	54.4%
Other	-	-
Not reported	-	-
Total of employees	**24.3%**	**31.7%**

In 2024, 31.7 percent of the group's total workforce took part in the PDR process, which is implemented for indirect employees only. The annual PDR process was completed in full at the end of March 2024 and recorded in the system. The completion rate was 86.4 percent (2023: 82.8 percent) of the employees falling within the scope of the process.

(S1-13.83b):

Training hours per employee

Average number of training hours per gender	2024
Male	7.3 hours
Female	8.9 hours
Other	-
Not reported	-
Average training hours per employee	**7.5 hours**

3.1.3.9 S1-14 – Health and safety metrics

(S1-14.88a-e):

Number and percent	2023	2024	%
Percentage of the company's workforce covered by the company's health and safety management system	-	34.0%	
Number of fatalities as a result of work-related injuries and work-related ill health	-	-	
Number of recordable work-related accidents	284	203	-28.5%
Rate of recordable work-related accidents (Total Recordable Injury Rate – TRIR)	11.6	8.4	-27.1%
Number of cases of recordable work-related ill health, subject to legal restrictions on the collection of data	12	2	-83.3%
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	6,197	3,400	-45.1%

The Total Recordable Injury Rate (TRIR) quantifies the number of work-related accidents with injuries (TRI) per million hours worked. The total number of recordable injuries is the number of work-related accidents resulting in injuries (fatalities, accidents with days away from work, accidents requiring medical treatment, accidents affecting the ability to work).

The total number of hours worked corresponds to the scheduled work hours (regular work hours per employee). If the number of hours worked cannot be calculated directly, estimates are derived from standard hours of work based on full-time equivalents, taking into account paid leave and public holidays.

The number of days away from work is counted from the first full day to the last day of absence. The calculation is based on calendar days, i.e., days on which the affected individual was not scheduled to work (weekends, public holidays) are counted as days away from work.

The reduction in the number of accidents and the accident rate is attributable to the implementation of the actions and a lesser degree of production capacity utilization.

In 2024, 39 percent (2023: 36 percent) of employees - excluding CIS - worked at locations with an ISO 45001 certification; including CIS it was 34 percent.

3.1.3.10 S1-15 – Work-life balance metrics

(S1-15.93a):

Employees entitled to take family-related leave

Percent	2024
Gender	
Male	96.0%
Female	96.0%
Other	-
Not reported	-
Total percentage of employees	**96.0%**

The metric includes all employees entitled to take family-related leave (maternity leave, paternity leave, parental leave and caregiving leave). Interns and contingent staff are not part of the scope of this metric.

3.1.3.11 S1-16 – Remuneration metrics (pay gap and total remuneration)

(S1-16.97a):

Gender pay gap

Percent	2024
Gender pay gap	13.9%

The average gross hourly pay level of female employees is 13.9 percent lower than that of male employees. This metric represents the unadjusted gender pay gap. At this point, no statements on gender-based discrimination in pay for work of equal value can be articulated. This will become possible once the global job architecture is fully implemented.

In addition to the base wage or salary, the remuneration includes other contractually agreed types of remuneration in the form of benefits in cash or in kind that the employee receives directly or indirectly in respect of the employment.

The metric is calculated per country, broken down by direct and indirect employees, and then aggregated to a global level by headcount-based statistical weighting. External or inactive employees, apprentices and interns are not considered in the calculation.

(S1-16.97b):

Total remuneration ratio of the highest paid individual to the median of all employees

Ratio	2024
Remuneration ratio / ratio of total remuneration	68:1

The annual total remuneration of the highest paid individual stands at a ratio of 68:1 compared to the median of the annual total remuneration of all own employees. The metric does not consider external or inactive employees, apprentices and interns.

In addition to the base wage or salary, the annual total remuneration includes all other contractually agreed types of remuneration in the form of benefits in cash or in kind that the employee receives directly or indirectly in respect of the employment. Part-time employees are extrapolated to full-time equivalents.

3.1.3.12 S1-17 –Incidents, complaints and severe human rights impacts

(S1-17.103a-c):

Reported incidents of discrimination

Number	2024
Total number of incidents of discrimination (including harassment) reported	14
Total number of complaints filed through all channels available for raising concerns	10
Total amount of material fines, sanctions and compensation for damages as a result of the above incidents in TEUR	66

(S1-17.104a-b):

Reported human rights incidents

Number	2024
Total number of sever human rights incidents reported	-
Thereof number of incidents of non-compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises	-
Total amount of fines, sanctions and compensation for damages as a result of the above incidents	-

3.2 ESRS S2: WORKERS IN THE VALUE CHAIN

3.2.1 Strategy

3.2.1.1 ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

(S2-SBM 3.10a):

PALFINGER's strategy and business model may result in actual and potential impacts on value chain employees, particularly with regard to decisions and practices related to suppliers, production processes and market requirements. These impacts may affect working conditions, wages and rights throughout the entire supply chain.

Recognizing the material significance of these impacts has guided PALFINGER's approach, resulting in the identification of "value chain employees" as a material topic. Consequently, PALFINGER has integrated this topic into its sustainability strategy. Moving forward, PALFINGER intends to deepen its understanding of the actual and potential impacts on value chain employees and leverage these insights to adapt its strategy and ensure that operations are more aligned with ethical labor practices and contribute to the well-being of employees throughout the entire value chain.

(S2-SBM 3.10b):

Value chain employees have been identified as a material topic and incorporated into the sustainability strategy accordingly. PALFINGER is actively engaged in establishing specific goals and KPIs related to this topic. The sustainability strategy is an integral part of the overall corporate strategy, reflecting the commitment to ethical supply chain practices and long-term value creation.

(S2-SBM 3.11a):

The value chain employees who could be materially impacted by PALFINGER also include individuals employed by companies in the upstream value chain. This group is mainly composed of workers in the mining industry who are involved in raw material extraction and workers in the steel value chains who are responsible for the processing and manufacturing of key materials. Given the nature of their industries, these workers are particularly exposed to risks related to working conditions, safety and labor rights. This makes them a key group potentially affected by PALFINGER's business activities.

Additionally, workers in the downstream value chain, particularly those using PALFINGER products, could be materially impacted. The nature of PALFINGER's product applications inherently carries a risk of accidents, which cannot be entirely mitigated or prevented through technical means.

(S2-SBM 3.11b):

Regions for which there is a significant risk of child labor, forced labor or compulsory labor are China, Brazil, Turkey, India, Russia, Ukraine, Bosnia and Herzegovina; predominantly in connection with the raw materials iron ore and steel.

(S2-SBM 3.11c):
Forced labor, child labor, and other human rights violations, particularly those associated with hazardous and exploitative working conditions, are prevalent problems in the mining industry. Accidents involving PALFINGER products are isolated incidents. This means that accidents involving PALFINGER products do not occur frequently and are not a systemic or recurring issue.

(S2-SBM 3.11d):
As part of its sustainability and procurement strategy, PALFINGER mandates that key strategic suppliers comply with specific sustainability criteria, including robust human rights standards. To support this, PALFINGER has started issuing comprehensive sustainability guidelines to its suppliers that contain detailed, actionable steps for addressing human rights issues. PALFINGER actively engages with its suppliers to ensure compliance with these criteria and offers support in their practical implementation. In doing so, PALFINGER promotes a cooperative approach aimed at achieving positive outcomes for all parties involved.

In 2024, PALFINGER initiated a collaborative effort with its partners in the steel value chain, conducting site visits to examine the working conditions of on-site workers, engaging in talks about addressing challenges and promoting improvements and discussing the changes and impacts associated with a just transition for workers at steel production sites. This was operationalized through the launch of a pilot. Looking ahead to 2025, PALFINGER plans to expand this engagement to further improve the working conditions of value chain employees.

(S2-SBM 3.11e):
There are no material risks and opportunities arising from impacts and dependencies on value chain employees.

(S2-SBM 3.12):
The main types of employees who could be negatively affected are employees in the steel value chain, particularly those in the mining industry. Both customers and suppliers were integrated into the materiality analysis.

The understanding was mainly developed through desktop research, drawing on studies and reports from organizations such as the Business & Human Rights Resource Centre, Human Rights Watch, the International Federation for Human Rights and other sources.

(S2-SBM 3.13):
Workers in the steel value chain, especially in the mining industry in the countries listed under 11b, are particularly affected. The materiality analysis conducted in 2024 did not reveal any significant risks or opportunities arising from impacts and dependencies associated with value chain workers. In the coming years, the topic of labor in the value chain will be developed further, including the analysis of impacts that may exclusively affect certain groups of workers. PALFINGER used the locations of its key steel suppliers to research the countries of their raw material sourcing. These countries were then prioritized based on indices such as the ITUC Global Rights Index 2024, the Global Slavery Index 2023 (prevalence) and the Global Slavery Index 2023 (vulnerability).

3.2.2 Management of risks, impacts and opportunities

3.2.2.1 S2-1 – Policies related to value chain workers

ALLGEMEINE ANGABEN ZU KONZEPTEN

(S2-1.17 und 18):
The Code of Conduct is part of the contracts agreed with PALFINGER's business partners. It specifically addresses human trafficking, forced and compulsory labor, and child labor. PALFINGER follows the principles of the United Nations Global Compact initiative and the International Labor Organization (ILO). In addressing this issue, PALFINGER aligns its practices with the guiding principles on human rights established by the United Nations, OECD and ILO.

Because S2-2 Stakeholder Engagement is not taken into account at this time, PALFINGER, with the exception of the Integrity Line, does not have any processes in place for direct collaboration with workers in the value chain or measures to remedy human rights impacts.

As described in SBM 3.13, a comprehensive analysis centered on the topic of workers in the value chain will be conducted in the coming years. For this reason, no measures to enable remedy for human rights impacts have yet been implemented.

(S2-1.19):
The Code of Conduct for Business Partners mandates compliance with the ILO's core labor standards and endorsement of the principles of the UN Global Compact initiative. Both ILO and the UN Global Compact follow the International Bill of Human Rights.

To date, the Integrity Line has not received any reports of violations concerning these principles that impact value chain employees.

POLICY 1: CODE OF CONDUCT FOR BUSINESS PARTNERS

(MDR-a):
Objectives, contents and monitoring processes:

By following the rules and principles set out in its Code of Conduct, PALFINGER actively sets the basic standards for its behavior.

Violations of these regulations or PALFINGER's codes of conducts are subject to sanctions and may result in criminal prosecution. PALFINGER conducts itself with integrity and acts in compliance with all relevant laws. This policy describes, among other aspects, human rights and working conditions.

More details on contents and monitoring processes can be found in disclosure G1-1 MDR-P a).

Material risks, impacts and opportunities:

- Working conditions that may cause mental or physical health problems
- Physical harm to customers due to inadequate product safety
- Violation of the human rights of value chain employees

(MDR-b):
The scope of the policy extends to all suppliers and dealers whose contractual agreements require them to comply with the PALFINGER Code of Conduct.

(MDR-c):
The head of the global function Procurement and the head of Dealer Network Development are responsible for the implementation of this policy. The policy has been approved by the Executive Board.

(MDR-d):
As part of the implementation of this policy, PALFINGER commits to comply with ILO standards and the UN Global Compact initiative.

(MDR-f):
The Code of Conduct for Business Partners is published on PALFINGER’s corporate website.

POLICY 2: S2 – SAFE WORK ENVIRONMENTS FOR WORKERS IN THE VALUE CHAIN

(MDR-a):
Health & safety
The policy focuses on compliance with the highest health and safety requirements for business partners and end users. The objective is the rigorous implementation of all relevant standards, laws and machinery directives, in addition to achieving ISO certifications. PALFINGER’s products and processes are designed to meet minimum legal requirements. All applicable standards and laws of the respective countries and regions are taken into account during the development of PALFINGER products.

- **Machinery directives & market surveillance**

The EU Machinery Directive 2006/42/EC is a central component of the policy and ensures that all machinery meets essential safety requirements. PALFINGER ensures compliance with the minimum requirements of the EU Machinery Directive 2006/42/EC through a structured framework of policies and actions, which is part of the PALFINGER development process (PDP, stage gate process) for product development. Risk assessments and safety checks are performed in each stage before progression to the next stage is approved. This approach guarantees a systematic integration of safety requirements. In addition to the EU Machinery Directive, PALFINGER also takes into account all relevant international standards and regulations that apply in the countries and regions where PALFINGER’s products are used. This includes a mandatory market surveillance protocol, which systematically reviews all incidents reported by dealers. This market feedback is analyzed, evaluated and used to derive appropriate responsive measures, ranging from product improvements to market campaigns and even recalls in critical instances. The committees of the product line-specific Q circles convene at regular intervals, ensuring the ongoing integration of feedback from customers and suppliers into product development and the prompt identification, analysis and resolution of any non-conformities. The work of these Q circles follows the 8D methodology and is documented and tracked digitally. The 8D methodology is a structured problem-solving approach with eight specific steps, ranging from problem identification to implementing and validating long-term corrective actions.

- **Standards and ISO certifications**

The company observes the following international standards and certifications to ensure product quality and safety:

  - Internal P standards: group-wide relevant standards for product development and safety
  - ISO 9001: quality management to ensure process reliability

These standards are part of PALFINGER’s commitment to fully comply with applicable laws and regulatory standards worldwide and even exceed their requirements. This commitment extends beyond international regulations and encompasses all relevant laws, norms and standards that are mandatory for businesses. PALFINGER ensures that regional laws and standards applying in the respective countries where PALFINGER products are distributed and sold are respected and complied with.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES:
This policy ensures that physical harm caused by inadequate product safety is avoided to the maximum extent possible. In addition, it provides access to quality information (labeling and active information) on product use and safety.

MONITORING PROCESSES:
Continuous market surveillance and feedback on incidents from dealers regarding incidents are integral components of the monitoring processes. Incidents are assessed in quality circles in accordance with the “Q circle” group policy, and appropriate actions are taken to ensure safety. The Process and Quality Management (PQM) function is responsible for orchestrating these Q circles. The measures adopted by the Q circles are implemented and accounted for by the responsible functions. Recall procedures are clearly defined by a group-wide “Recall” group policy. Training activities are reviewed at regular intervals to ensure that all partners and end users comply with safety requirements.

Corporate Internal Audit has the authority to conduct audits to assess the design and effectiveness of this group policy, thereby supporting the monitoring function of the Executive Board and Supervisory Board.

(MDR-b):
This policy applies group-wide to all PALFINGER sites. The CE certification and the machinery directive apply in the EU and are adapted to align with the respective local regulations of other countries. The upstream and downstream value chain is not covered by the policy.

(MDR-c):
Process and Quality Management (PQM) is responsible for implementing the policy. The policy has been approved by the Executive Board.

(MDR-d):
As part of the implementation of this policy, PALFINGER commits to comply with the ISO 9001 standards.

(MDR-e):
The interests of business partners and end users were taken into account through surveys and direct dialogue with dealers, as well as information gathered from the global PALFINGER service network.

3.2.2.2 S2-2 – Processes for engaging with value chain workers about impacts

(S3-2.24):
At this time, there are no processes for the direct engagement of workers in the value chain.

3.2.2.3 S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

(S2-3.27a):
Value chain employees, along with other stakeholder groups and third parties, can submit reports via the Integrity Line on PALFINGER’s corporate website, either anonymously or with their identity disclosed. The reports are processed internally, prompting investigations to gather facts in order to determine whether the concerns raised are substantiated. More details can be found in section S1-3.32a. The effectiveness of these channels cannot yet be evaluated, as no reports relating to value chain workers have been received yet.

Irrespective of the question of fault, PALFINGER investigates all incidents involving PALFINGER products in which persons are injured that are reported by business partners. A good network and an understanding of safety awareness in the countries concerned are prerequisites for ensuring that PALFINGER is notified of these incidents. All accident-relevant information is evaluated internally.

(S2-3.27b):
The Integrity Line is an external tool implemented and operated by PALFINGER.

(S2-3.27c):
The Code of Conduct refers to the Integrity Line as a channel for raising concerns. There is no specific communication relating to workers in the value chain.

(S2-3.27d):
Reported potential violations are subject to ongoing evaluation. Where suspicious cases are substantiated, they are investigated by Corporate Internal Audit and improvement measures are defined with the responsible management. For effectiveness monitoring, see S2-3.27a.

(S2-3.28):
If a problem is reported, the information provided is only shared with those individuals who require knowledge of it to either investigate or resolve the problem. Reports can be submitted anonymously or non-anonymously. PALFINGER strictly prohibits any retaliatory actions towards individuals who, in good faith, voice concerns or participate in an investigation. This is also stated in the Code of Conduct. Acts of retaliation are a violation of the Code of Conduct and result in disciplinary action. At this time, there are no measures in place to ensure that value chain workers have confidence in these processes.

3.2.2.4 S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

ACTION 1: SUSTAINABILITY CRITERIA AND GUIDELINES FOR SELECTED STRATEGIC SUPPLIERS

(MDR-a):

- **Code of Conduct:**

The Code of Conduct is part of the supplier contract and must be signed by PALFINGER’s suppliers. Its implementation contributes to compliance with human rights and the standards for working conditions.

- **Sustainability criteria and guidelines for selected strategic suppliers:**

The touchpoints and guidelines ensure the effective implementation of human rights practices.

(S2-4-32):
The Code of Conduct, the sustainability criteria and the guidelines for selected strategic suppliers are intended to minimize negative impacts in the upstream value chain. These are, on the one hand, violations of the human rights of value chain employees and, on the other, working conditions that may cause mental or physical health problems.

Actions implemented:

1. Code of Conduct: The Code of Conduct is part of the supplier contract. Its implementation contributes to compliance with human rights and the standards for working conditions.

2. Sustainability criteria and guidelines for key strategic suppliers

Additionally, as part of its sustainability and procurement strategy, PALFINGER mandates that selected strategic suppliers comply with specific sustainability criteria, including robust human rights standards. The action was launched with a pilot project in 2024 and is set to be extended to other strategic suppliers. To support this, PALFINGER issues comprehensive sustainability guidelines to its suppliers that contain detailed, actionable steps for addressing human rights issues. PALFINGER has started to actively engage with its suppliers to ensure compliance with these criteria and offers support in their practical implementation. PALFINGER promotes a cooperative approach aimed at achieving positive outcomes for all parties involved. The sustainability criteria and guidelines ensure the effective implementation of human rights practices.

Assessment of effectiveness:

Effectiveness is assessed on a case-by-case basis, as it is based on the collaboration between PALFINGER and the respective supplier. In instances where a supplier requires assistance with implementation or finds the provided guidelines to be insufficient, PALFINGER actively engages to offer the necessary support. Effectiveness is assessed by a variety of methods, including self-assessments, on-site visits to suppliers, desktop research and requests for supporting documentation, to name only a few.

(S2-4-33):
These actions are intended to help prevent working conditions that may cause mental or physical health problems. Additionally, PALFINGER is committed to preventing human rights violations among employees in the upstream value chain. The actions intended to minimize the two negative impacts in the upstream value chain as described above follow a phased approach, which is based on cooperation and mutual respect. In its interactions with suppliers, PALFINGER adheres to the following principles:

- **Promoting transparency**

PALFINGER values openness and promotes transparency. Suppliers are not penalized for failing to meet all criteria. Instead, PALFINGER appreciates an honest dialogue during the evaluation process. This commitment to transparency extends to PALFINGER’s communication with its dealers in the downstream supply chain.

- **Offering opportunities for improvement**

PALFINGER works in partnership with its suppliers, providing them with opportunities to align their practices with PALFINGER’s sustainability standards.

- **Supporting suppliers with resources**

To facilitate improvements, PALFINGER provides its suppliers with detailed guidelines that outline actionable steps for addressing relevant criteria and the associated risks. Where possible, PALFINGER shares additional resources or offers direct support to assist suppliers in making the necessary improvements.

- **Termination as a last resort**

If a supplier is unwilling to implement remedies, PALFINGER reserves the right to take appropriate steps. These may take the form of measures aimed at supplier improvement or, ultimately, termination of the business relationship.

Because no severe incidents have been reported to PALFINGER to date, no actions have yet been implemented to assess the effectiveness of any remedies.

(S2-4-34):

There are no actions in place that address the risks and opportunities in relation to value chain employees.

(S2-4-35):

As described in the last paragraph of S2-4.33, no actions have yet been implemented as no severe incidents have been reported to date.

(S2-4-36):

No such issues have been reported to PALFINGER to date.

(S2-4-38):

To address material impacts, PALFINGER employs dedicated resources through its sustainability management and the purchasing department.

This cross-functional approach facilitates the management of these impacts across the entire value chain.

(MDR-b):

PALFINGER’s key actions for sustainability in the value chain include:

Code of Conduct: The implementation of the Code of Conduct’s standards and compliance with them is important to PALFINGER and is also expected of all employees and business partners.

Sustainability criteria: These are applied specifically to selected strategic suppliers. A pilot project has recently been launched in this regard.

(MDR-c):
The time horizons for PALFINGER's key actions are ongoing and continuous. When new suppliers are included in the scope of application and business requirements change, these actions are regularly updated and adapted. The sustainability criteria are updated on a regular basis as their implementation progresses. This continuous process enables PALFINGER to effectively manage the material impacts over time, respond to changes in the value chain and incorporate new stakeholders as needed.

(MDR-d):
With regard to access to remedies, PALFINGER aligns its practices with the United Nations Guiding Principles on Business and Human Rights (UNGPs). To date, no instances necessitating remediation have been identified. Remedial actions will be implemented as required in the future.

ACTION 2: ACCESS TO INFORMATION AND TRAINING FOR BUSINESS PARTNERS AND END CUSTOMERS

(MDR-a):
The provision of safety-related documentation, technical information and training for dealers and end customers serves as a preventative measure aimed at avoiding accidents involving PALFINGER products..

(S2-4.32 & 35):

1. Access to information for end customers and partner companies: PALFINGER's network server functions as a central source of information for partner companies, offering them access to safety-relevant documentation and technical information at any time. End customers are provided with all requisite information through their dealers, who are obligated to pass on operating instructions, CE certificates and service booklets

2. Trainings

    - Dealer and end customer training: Product and process training for dealers and service partners is mandatory. End customers receive training through the dealers, based on content provided by PALFINGER. This ensures that end users are informed about the safe handling of the products.
    - Self-directed training and videos: Training videos for self-directed training via Paldesk are currently available to registered users.

3. Operating instructions and handover training: Each machine is delivered with an operating manual, CE certification and a service booklet. It is a statutory requirement for dealers to provide these documents to the customer and to conduct a training session on the safe operation of the machine. Compliance with this obligation is monitored to ensure that all legal requirements are met.

By providing comprehensive information and training on the use of PALFINGER products, it is possible to mitigate negative impacts on operators' physical health. The majority of accidents involve operating errors, which can be prevented through targeted training and information.

Training activities are reviewed at regular intervals to ensure that all partners and end users comply with safety requirements.

(S2-4-33):
The product line-specific quality circles meet at regular intervals, typically on a monthly basis. The composition of the quality circles ensures that any non-conformities from the perspective of customers, suppliers and the internal value chain are promptly identified, analyzed and rectified. The measures adopted by the Q circles are implemented and accounted for by the responsible functions.

(S2-4-34):
There are no actions in place that address the risks and opportunities in relation to value chain employees.

(S2-4-36):
To date, no such cases of severe human rights issues or incidents related to its upstream and downstream value chain have been reported to PALFINGER.

(S2-4-38):
PALFINGER allocates internal resources to the management of material impacts, both in its product line quality management and in the sales and service department. This cross-functional approach facilitates the comprehensive management of material impacts across the entire value chain.

(MDR-b):
This action covers all dealers and end customers (downstream value chain).

(MDR-c):
This is an ongoing and continuous action.

(MDR-d):
Compensation for product-related defects is provided on a monetary basis in confirmed individual cases as part of claims for damages. This applies equally to business partners and value chain employees.

3.2.3 Metrics and targets related to S2 – Workers in the value chain

3.2.3.1 S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

(ESRS 2.81):
At this time, PALFINGER has not defined any measurable targets in this area and is currently assessing available possibilities.

3.2.4 Information specific to the company

Accidents involving PALFINGER products

Accidents involving PALFINGER products	2022	2023	2024
Reported accidents	13	7	8
Fatalities[1]	6	1	2
Injuries of varying severity[1]	11	8	9
Legally binding penalties imposed by court due to accidents	-	-	-
Pending complaints (in negotiation) due to accidents involving products (as at 31 Dec)	6	6	6
Legally binding convictions	-	-	-

1) Irrespective of fault

All accidents known to the company in which PALFINGER products were involved are included in the corresponding metric if the accident caused personal injury (excluding accidents at work). These are recorded without regard of any question of fault. There were 8 accidents in the field with PALFINGER products in the reporting year (2023: 7). These resulted in 9 injuries of varying degrees (2023: 8) and 2 accidents resulting in death (2023: 1).

4. GOVERNANCE INFORMATION

4.1 ESRS G1: BUSINESS CONDUCT

4.1.1 Management der Auswirkungen, Risiken und Chancen

4.1.1.1 G1-1– Corporate culture and business conduct policies

POLICY 1: CODE OF CONDUCT FOR EMPLOYEES

(MDR-a):
Key contents and general objectives:
PALFINGER's employees live the company values of "entrepreneurship, respect and learning" every day. The current version of PALFINGER's Code of Conduct defines the essential legal and ethical principles for doing business. In order to do justice to social change, the requirements of sustainable business apply. To this end, PALFINGER applies high reporting standards and a transparent approach to business.

The Code of Conduct addresses the following contents related to business ethics:

- Anti-corruption
- Economic crime
- Conflicts of interest
- Prohibition of advertising for political parties
- Sponsorship and donations
- Anti-money laundering and terrorist financing
- Data protection
- Artificial intelligence
- Protection of confidential information
- Protection of intellectual property
- Antitrust and competition law
- Product compliance
- Export law and sanctions
- Protection of company property
- Capital market compliance

Monitoring processes:
To facilitate compliance with the Code of Conduct, PALFINGER has established measures and processes to ensure that the applicable legal requirements are known and met. Trainings are mandatory for PALFINGER employees. Any misconduct can be reported to the manager, the HR department and the Integrity Line. Reported violations of the law, the Code of Conduct or other group policies are continuously evaluated. Where reported suspicious cases are substantiated, they are investigated by Corporate Internal Audit and appropriate improvement measures are defined with the responsible management.

Material risks, impacts and opportunities:
Compliance with legal and ethical requirements is a top priority. The Code of Conduct, as the primary framework, addresses the following impacts, risks and opportunities (for more information on impacts, risks and opportunities, see SBM-3 in ESRS 2):

- Contribution to corporate culture through a comprehensive code of conduct
- Preventive measures to avoid violations of rules
- Commitment to established standards and principles
- Established reporting processes for the detection and efficient handling of corruption and bribery incidents
- Transparent and accessible information to foster good stakeholder relationships
- Risks arising from compliance violations

(MDR-b):
Integrity is paramount in all of PALFINGER's activities. The implementation of the Code of Conduct's standards and compliance with them is important to PALFINGER and is also expected of all employees. It applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence.

(MDR-c):
The Executive Board has signed the Code of Conduct and is responsible for its implementation. The formulation of the Code of Conduct, defining its processes and providing training related to the Code of Conduct is the task of Governance, Risk & Compliance (GRC).

(MDR-d):
PALFINGER's success depends on healthy and fairly treated employees. PALFINGER therefore protects their rights and follows the principles of the United Nations Global Compact initiative and the International Labor Organization (ILO).

(MDR-e):
A Steering Committee, composed of members from GRC, Human Resources, Purchasing and Dealer Network Development, was set up to formulate the Code of Conduct, ensuring that the Code's three key addressees were included in the process. The approval was issued by the Executive Board.

As part of the materiality analysis, stakeholder surveys were conducted. The insights gathered from those surveys were taken into account in the formulation of the Code of Conduct.

(MDR-f):
Contracts contain binding references to the PALFINGER Code of Conduct. The Code of Conduct is published on PALFINGER's corporate website.

(G1-1.9):
PALFINGER supports and encourages its employees in accordance with the tagline: “We value people. People create value.” PALFINGER's core values, which apply universally throughout the organization and must be upheld by all of its members, are: entrepreneurship, respect and learning. At PALFINGER, the following leadership principles apply to the Executive Board as well as to all executives: DRIVE. FOCUS. INSPIRE. EMPOWER. DEVELOP. DELIVER.

(G1-1.10a):
Potential violations of laws and internal policies or instances of misconduct can be reported using the “Integrity Line”. The Integrity Line is also available to external stakeholders for whistleblowing purposes.

(G1-1.10c):

PALFINGER has established internal reporting channels to ensure that all employees can report potential violations of laws, the Code of Conduct or other group policies. These channels include the “Integrity Line”, direct communication with Governance, Risk & Compliance (GRC), works council consultation hours and pathways for reporting through managers or HR officers in the individual regions. To ensure that these channels operate effectively, all employees are required to take part in targeted training sessions to ensure that they are aware of and comply with the applicable legal requirements. These training sessions also include information on the use of the reporting channels and the importance of reporting misconduct. Employees who receive reports undergo specialized training to ensure they can process these reports appropriately while maintaining the confidentiality of the whistleblowers.

Additionally, PALFINGER has implemented safeguards to protect whistleblowers from any form of retaliation. Reports can be made anonymously via the “Integrity Line”, which enables employees to report misconduct or complaints without fear of retribution.

Protection against retaliation is a central component of PALFINGER’s Code of Conduct. Retaliatory actions against individuals who submit a report in good faith or participate in an investigation are strictly prohibited, with violations of this prohibition resulting in disciplinary action.

Furthermore, all reported incidents are investigated and it is ensured that the identity of whistleblowers remains protected. These actions align with the applicable legislation implementing Directive (EU) 2019/1937 of the European Parliament and of the Council.

(G1-1.10e):

Reported violations of the law, the Code of Conduct or other group policies were evaluated on an ongoing basis. Where suspicious cases were substantiated, they were investigated by GRC and Corporate Internal Audit, and appropriate improvement measures were defined with the responsible management.

(G1-1.10g):

All employees are assigned to essential trainings on governance and compliance, with particular emphasis on groups of persons identified through a risk-based selection process. For direct employees who do not have access to the IT system, a training policy is being developed, scheduled for implementation in 2025. Training sessions are held on an ongoing basis, thereby ensuring that employees receive training on compliance-relevant topics multiple times throughout the year. The scope of the training varies depending on the topic and target group. Completion of these trainings is documented and used for reporting purposes.

(G1-1.10h):

There is an increased risk for individuals in management positions and employees in the global functions Sales & Service and Procurement.

POLICY 2: CODE OF CONDUCT FOR BUSINESS PARTNERS

(MDR-a):

Key contents and general objectives:
The current version of PALFINGER's Code of Conduct for Business Partners defines the essential legal and ethical principles for doing business with suppliers and dealers. In order to do justice to social change, the requirements of sustainable business apply. To this end, PALFINGER applies high reporting standards and a transparent approach to business.

The Code of Conduct for Business Partners addresses the following contents:

- Human rights & working conditions (prohibition of slavery and human trafficking, prohibition of child labor, free choice of employment, discrimination, harassment and bullying, diversity, equity and inclusion, freedom of association, health and safety at work, working hours and minimum wage, reporting processes, use of security forces, training, adequate accommodation, safe working conditions, protection of privacy, prohibition of disciplinary pay reduction)
- Business ethics (anti-corruption, economic crime, conflicts of interest, anti-money laundering and terrorist financing, data protection, artificial intelligence, protection of intellectual property, protection of confidential information, antitrust and competition law, product compliance, export law and sanctions, protection of company property, capital market compliance, transparency in the supply chain)
- Environmental standards (biodiversity, resource efficiency, circular economy and waste management, sustainable resources, GHG emissions, pollution, water consumption, energy efficiency and renewable energies, forestry and water rights, forced eviction, testing on animals)

Monitoring processes:
Reported violations of the law or the Code of Conduct for Business Partners are evaluated. Where suspicious cases are substantiated, they are investigated by Corporate Internal Audit and appropriate improvement measures are defined with the responsible management. Additionally, PALFINGER reserves the right to periodically review compliance with the Code of Conduct for Business Partners. PALFINGER can conduct audits or take other suitable measures to ensure that its business partners fulfill their obligations.

Material risks, impacts and opportunities:
The materiality analysis revealed that governance topics are of significant importance for PALFINGER. Compliance with legal and ethical requirements is a top priority, and the Code of Conduct for Business Partners, as an essential framework, addresses the associated material impacts and risks in the value chain:

- Positive impacts of fair business relationships on innovation, efficiency, and sustainability
- Positive impacts resulting from business relationships with strict social and environmental criteria for suppliers
- Risks arising from compliance violations

(MDR-b):

The implementation of the standards contained in the Code of Conduct for Business Partners and compliance with them is important to PALFINGER and is also expected of all employees and business partners. Contracts contain binding references to the PALFINGER Code of Conduct.

(MDR-c):

The head of the global function Procurement and the head of Dealer Network Development are responsible for the operational implementation of this policy. The policy has been approved by the Executive Board.

(MDR-d):

The Code of Conduct for Business Partners refers to compliance with the ILO's core labor standards and endorsement of the principles of the UN Global Compact initiative.

(MDR-e):
A Steering Committee, composed of members from GRC, Purchasing and Dealer Network Development, was set up to formulate the Code of Conduct for Business Partners, ensuring that the Code's two key addressees were included in the process. As part of the materiality analysis, stakeholder surveys were conducted. The insights gathered from those surveys were taken into account in the formulation of the Code of Conduct for Business Partners.

(MDR-f):
The Code of Conduct for Business Partners is published on PALFINGER's corporate website.

(G1-1.9):
For details, see the description of corporate culture in G1-1.9, Policy 1.

(G1-1.10a):
Potential violations of laws, the Code of Conduct for Business Partners, or instances of misconduct can be reported using the "Integrity Line".

(G1-1.10e):
Reported violations of the law and the Code of Conduct for Business Partners were evaluated. Where suspicious cases were substantiated, they were investigated by GRC and Corporate Internal Audit, and appropriate improvement measures were defined with the responsible management.

(G1-1.10g):
Training within the organization is not relevant in respect of the Code of Conduct for Business Partners.

(G1-1.10h):
Internal groups of persons are not relevant in respect of the Code of Conduct for Business Partners.

4.1.1.2 G1-2 – Management of relationships with suppliers

POLICY FOR MANAGING RELATIONSHIPS WITH SUPPLIERS

(MDR-a):
General objectives:
The Code of Conduct for Business Partners defines the essential legal and ethical principles suppliers must comply with.

Additionally, internal policies define the guiding principles as well as the duties, responsibilities and the "source-to-pay" process for all materials, services and investments. Setting this framework mitigates the associated risks and also allows for the leveraging of synergies, potentials and consolidation opportunities globally in the area of procurement. In addition, quality requirements can be ensured in the long term, and delivery capabilities guaranteed.

Material impacts:
- Positive impacts of fair business relationships on innovation, efficiency, and sustainability
- Positive impacts resulting from business relationships with strict social and environmental criteria for suppliers

Monitoring processes:
The process for monitoring compliance with the policy is comprised of several steps and principles designed to ensure that all procurement activities are carried out correctly and efficiently. One central aspect is bidirectional matching as a verification step during invoice processing. This involves a comparative analysis of two key documents, the purchase order and the invoice, to verify their accuracy and validity before payment is approved. In instances of discrepancies between the invoice and the purchase order, the discrepancy must be approved in accordance with the delegation of authorities (DoA) and the dual control principle.

(MDR-b):
The scope of the policy includes direct suppliers in the upstream value chain.

(MDR-c):
The head of the global function Procurement is responsible for implementation of this policy. The policy has been approved by the Executive Board.

(MDR-e):
There is a regular dialogue with suppliers, ensuring that requirements are aligned on an ongoing basis.

(G1-2.14):
PALFINGER uses standardized payment terms and has also introduced a reverse factoring program for suppliers meeting specific annual volume criteria, which enables them to finance their receivables from PALFINGER. This arrangement enables suppliers to get paid for their invoices early under an agreement between PALFINGER and a contractual bank. This program is also open to SMEs and contributes to the prevention of late payments.

(G1-2.15a):
The policy describes a number of key principles and processes aimed at ensuring effective and transparent collaboration:

- Early involvement of Purchasing: The policy emphasizes that Purchasing should be involved in innovation and development processes at an early stage, thereby enabling strategic sourcing considerations to be taken into account.
- Documentation of sourcing decisions: All decisions related to sourcing inquiries or contracts must be documented transparently.
- Contract criteria and documentation: At the very least, price agreements covering all relevant terms must be concluded with suppliers.
- Supplier qualification and approval: Before any confidential information is shared, a non-disclosure agreement must be signed. Suppliers must agree to the Code of Conduct and undergo mandatory initial supplier audits before being registered in the ERP system.
- Supplier evaluation: A supplier evaluation must be performed quarterly for all strategic direct material suppliers in order to ensure a high level of quality, timely delivery and competitive pricing.
- Claims management and reimbursement: All supplier-related quality claims must be documented and discussed with local quality management. The supplier lead buyer is responsible for ensuring that the supplier reimburses all accepted claims costs.

(G1-2.15b):
Before an initial order is placed, mandatory supplier audits of defined suppliers must be performed and documented. These supplier audits review not only quality and procurement criteria, but also take into account sustainability aspects such as environmental practices, human rights and occupational safety.

4.1.1.3 G1-3 – Prevention and detection of corruption and bribery

(MDR-a):

PALFINGER considers the prevention of corruption an important priority and therefore explicitly addresses this topic in its Code of Conduct. In addition, a dedicated group policy defines detailed rules regarding this matter. The core elements of the Anti-Corruption Group Policy are the prohibition of illegal payments, gifts and kickbacks, as well as conflicts of interest.

General objectives:

- PALFINGER has defined a catalog of multi-stage actions to prevent corruption or, if need be, investigate any violations.

Material risks, impacts and opportunities:

PALFINGER exports to a large number of countries worldwide, including transactions with numerous public sector entities. This inherently carries a certain risk of corruption, a concern corroborated by the results of the materiality analysis. This policy is designed to counteract this risk. The policy covers the following material impacts, risks and opportunities:

- Preventive measures to avoid violations of rules (e.g., compliance management)
- Established and encouraging reporting processes for the detection and efficient handling of corruption and bribery incidents
- Risk of fines due to compliance violations

Monitoring processes:

- A report on anti-corruption measures is submitted to the Supervisory Board annually, enabling it to fulfill its control obligations.
- Reported violations of the law, the Code of Conduct or other group policies were continuously evaluated. Where suspicious cases were substantiated, they were investigated by Corporate Internal Audit and improvement measures were defined with the responsible management.

(MDR-b):

The implementation of the Code of Conduct's standards and compliance with them is important to PALFINGER and is also expected of all employees and business partners. All employees of the PALFINGER Group are required to comply with the group policy for the prevention and detection of corruption and bribery.

(MDR-c):

The Executive Board has signed the Code of Conduct and is responsible for its implementation. Governance, Risk & Compliance (GRC) is responsible for developing, implementing and monitoring training sessions regarding the Code of Conduct and the Anti-Corruption Group Policy.

(MDR-d):

The basis for the internal rules designed to prevent corruption is the applicable law. Additionally, PALFINGER supports the UN Global Compact.

(MDR-e):

Complaints can be made about any perceived instances of misconduct. The mechanism for raising complaints is available to employees, as well as suppliers, dealers, end customers, investors and lenders, along with all other internal and external stakeholders. This is also stated in the Code of Conduct.

When a report is made, it undergoes central processing by GRC in collaboration with Corporate Internal Audit as a first step. The nature of the allegations then determines whether the subsequent processing is undertaken by GRC, Internal Audit or Human Resources.

(MDR-f):

The whistleblowing system is available to all persons inside and outside the company, thereby covering all potentially affected stakeholder groups. The system can be accessed through the corporate website and the intranet.

(G1-3.18a):
PALFINGER has defined a catalog of multi-stage actions to prevent corruption or, if need be, investigate any violations:

1. An internal compliance risk assessment was conducted to identify potential compliance risks.
2. Mandatory training programs are developed and implemented.
3. Communication campaigns are conducted within the company to enhance employee awareness.
4. Potential violations of laws and internal policies can be reported using the "Integrity Line".
5. Reported violations of the law, the Code of Conduct or other group policies were continuously evaluated. Where suspicious cases were substantiated, they were investigated by Corporate Internal Audit and appropriate improvement measures were defined with the responsible management.
6. A specific corruption prevention metric is included in the quarterly sustainability reporting.

(G1-3.18b):
The process is designed to prevent conflicts of interest by implementing delegation protocols. It ensures that those tasked with the investigation remain independent from the management chain involved in the issue.

(G1-3.18c):
A report on anti-corruption measures is submitted to the Supervisory Board annually, enabling it to fulfill its control obligations.

(G1-3.20):
Contracts contain binding references to the PALFINGER Code of Conduct. This Code of Conduct is published on PALFINGER's corporate website.

(G1-3.21a):
No significant anti-corruption and anti-bribery training activities took place in the reporting year. A mandatory training program will be introduced in 2025. This program is based on an e-learning approach, focusing on the contents of the Anti-Corruption Group Policy. It addresses behaviors that may be perceived as corruption and the legal consequences of policy violations. Additionally, the training discusses approaches to effectively prevent corruption in actual practice.

(G1-3.21b):
The number of trainings completed by employees was not systematically recorded in the reporting year, but is set to be recorded in 2025 after roll-out of the mandatory e-learning requirement.

(G1-3.21c):
Members of the Executive Board receive regular briefings from GRC on corruption-related risks, and reports are also submitted to the Supervisory Board. In the course of this reporting, current focal points are addressed and questions are answered by the Executive Board and Supervisory Board. There was no training for the Executive Board and Supervisory Board in 2024. This will take place in 2025 jointly with the roll-out of the mandatory e-learning requirement.

4.1.2 Metrics and targets related to G1 – Business conduct

4.1.2.1 G1-4 – Incidents of corruption or bribery

(G1-4.24):

Incidents of corruption or bribery

Cases of corruption or bribery	2023	2024
Number of final convictions for violations of anti-corruption and anti-bribery laws	-	-
Amount of fines for violations of anti-corruption and anti-bribery laws	-	-

For information on anti-corruption actions, see G1-3.18a.

4.1.2.2 G1-6 – Payment practices

(G1-6.33):

	2024
Average number of days until payment of an invoice from the start of the contractual or statutory payment period	56
Number of court proceedings currently pending against PALFINGER for late payment	0

#2 / 2024

CONSOLI— DATED CORPORATE GOVERNANCE REPORT

— PALFINGER AG ANNUAL REPORT 2024

CONSOLIDATED CORPORATE GOVERNANCE REPORT

DECLARATION PURSUANT TO SECTION 243C AND SECTION 267B OF THE AUSTRIAN BUSINESS CODE (UNTERNEHMENSGESETZBUCH, UGB)

PALFINGER is committed to the standards of the Austrian Code of Corporate Governance (www.corporate-governance.at), satisfies the requirements of the binding L-rules (legal requirements), and adheres to nearly all C-rules (comply or explain) of the Code.

Only C-Rules No. 39 and No. 53 (independence of the Supervisory Board and independence of the members of the committee members) are not fulfilled, based on the criteria for the independence of the Supervisory Board in accordance with Appendix 1 of the Corporate Governance Code.

With the Palfinger family, which directly or indirectly holds around 56.5 percent of the shares, PALFINGER AG has a stable core shareholder who is also represented on the Supervisory Board. HP Immobilien GmbH is a 100 percent subsidiary of the PALFINGER private foundation. Hubert Palfinger and Hannes Palfinger are beneficiaries of the PALFINGER private foundation. PALFINGER AG rents commercial space at the Kasern location from HP Immobilien GmbH and leases premises in Bergheim to the same company and consequently has a business relationship with this legal entity.

Gerhard Rauch is the managing partner of Walser GmbH and Chairman of the Board of Directors of Walser Schweiz AG. Walser Schweiz AG is a PALFINGER authorized dealer for Switzerland and Liechtenstein.

All members of the Supervisory Board of PALFINGER AG were elected by the Annual General Meeting. The performance of the members of the Supervisory Board to date has made a significant contribution to the success of PALFINGER AG in recent years. The balanced composition of the Supervisory Board, the prudent selection of the individual members based on professional and personal characteristics, and their knowledge of the company and the entire industry were of great importance.

If members of the Supervisory Board have conflicts of interest, they must immediately disclose this to the Chairman of the Supervisory Board in accordance with Rule 46 ÖCGK. No conflicts of interest were reported in the 2024 financial year.

This procedure and approach also apply with respect to the committee members (rule no. 39).

No agreements in accordance with rule no. 48 were submitted to the Supervisory Board for approval during the year 2024.

www.palfinger.ag/en/investors/corporate-governance; www.corporate-governance.at

GOVERNING BODIES OF THE COMPANY AND FUNCTIONING OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD PURSUANT TO SECTION 243C(2) AND SECTION 267B OF THE UGB

In accordance with the Austrian Stock Corporation Act (Aktiengesetz, AktG), the Executive Board of PALFINGER AG manages the company under its own responsibility in the best interest of the company, taking into consideration the interests of all stakeholders. The foremost principles include fostering a positive working relationship and continuous communication with the other members of the board, keeping an open mind, and reaching decisions quickly and efficiently. The Executive Board leads the management teams responsible for operations in the individual segments and/or businesses and functions. In addition, the Executive Board is represented in the management of several PALFINGER holding companies in Austria.

The Supervisory Board of PALFINGER AG supervises the company's management and supports the Executive Board with major decisions. The foundation of good corporate governance is open communication between the Executive Board and the Supervisory Board and within the respective Boards. This has been a long tradition at PALFINGER.

In accordance with Rule 36 ÖCGK, the Supervisory Board deals annually with the efficiency of its activities, in particular with its organization and working methods (self-evaluation).

EXECUTIVE BOARD[2]

Since January 8, 2024, the Executive Board consists of four members (previously three).

Name		Initial appointment	End of the term of office	Diversity factors[1)]
Andreas Klauser	(CEO)	6/1/2018	5/31/2028	male; born in 1965; AT
Felix Strohbichler	(CFO)	10/1/2017	12/31/2027	male; born in 1974; AT
Alexander Susanek	(COO)	7/1/2023	6/30/2028	male; born in 1975; DE
Maria Koller	(CHRO)	1/8/2024	1/7/2029	female; born in 1972; AT

1) Diversity factors include gender, age, and nationality.

Andreas Klauser

CEO – CHIEF EXECUTIVE OFFICER (SINCE JUNE 1, 2018)
Born in 1965, Andreas Klauser began his career at STEYR Landmaschinentechnik in Upper Austria. He was responsible for the integration of twelve brands and nine business units in Turin, Italy, as the COO of CNH Industrial for the EMEA region until 2015. Most recently, Klauser was a member of the CNH Industrial board of directors based in the USA and Global Brand President of Case IH and STEYR. Andreas Klauser has been Chief Executive Officer of PALFINGER AG since June 2018. In this capacity, his responsibilities include Sales & Service, Strategy & Sustainability, P21st/Digital Transformation, Marketing & Communication, as well as Investor Relations and Sponsoring.

Andreas Klauser is also chairman of the supervisory board of Trivest AG.

[2] This section fulfills the disclosure requirements of the European Sustainability Reporting Standards (ESRS), which are applied in the consolidated non-financial statement as part of Palfinger's management report (ESRS 2-GOV-1.21a, ESRS 2-GOV-AR5-G1-GOV-1.5b).

Felix Strohbichler

CFO – CHIEF FINANCIAL OFFICER (SINCE OCTOBER 1, 2017)
Born in 1974, Strohbichler became head of PALFINGER's Legal department in 2000. He went on to hold numerous executive positions in several areas of the PALFINGER Group, most recently that of EMEA Area Manager in charge of Marketing, Sales and Service, and Finance and Controlling. From May 2015 to September 2017 Strohbichler was managing director of B&C Industrieholding GmbH. In his capacity as CFO of PALFINGER AG, he has been responsible for the areas of Controlling, Accounting, Tax, Treasury, Risk Management, Internal Audit, Compliance, Sales & Operations Planning, Process and Quality Management, and Information and Communications Technology since October 2017.

Alexander Susanek

COO – CHIEF OPERATING OFFICER (SINCE JULY 1, 2023)
Born in 1975, Alexander Susanek began his career at MAN Trucks & Bus SE in Munich. After holding various specialist and management positions, he was General Manager of the assembly plant for heavy trucks in Niepolomice, Poland, from 2011 to 2014. He moved to the BMW Group in 2014. After holding positions as Head of Passenger Car Prototype Construction in Munich and Assembly Manager at the Regensburg plant, he took over as Managing Director of BMW Motoren GmbH in 2020, managing the BMW Group's largest engine plant worldwide in Steyr. Since November 2022, he has been responsible for global drive production at BMW. Since July 2023 he has been responsible as Chief Operating Officer for Operations, Product Line Management, Research & Development, Procurement, Health, Safety & Environment (HSE), and Supply Chain Management.

Maria Koller

CHRO – CHIEF HUMAN RESOURCES OFFICER (SINCE JANUARY 8, 2024)
Born in 1972, business psychologist Maria Koller began her professional career in 1998 as an HR expert at Alcatel in Austria. She then moved to NextiraOne in Stuttgart, where she worked as Human Resources Director for Germany from 2002. She built on her international experience from 2004 to 2006 in Paris at Platinum Equity, the owner of NextiraOne, as Human Resources Director for Europe. In 2007, she took on senior HR roles in the Danaher Group in the UK and Germany. In 2017, she took on the role of Executive Vice President Global HR at JENOPTIK AG. Maria Koller has been CHRO at PALFINGER AG since January 2024. She is responsible for human resources and legal affairs.

The Board of Management has overall responsibility for sustainability. The functions of Group Data Protection Officer and Issuer Compliance Officer also report to the full Board of Management.

Group Management Report, Remuneration of the Executive Board and Supervisory Board, page 243

SUPERVISORY BOARD[3]

In 2024, the Supervisory Board of PALFINGER AG consisted of six members elected by the General Meeting and three members delegated by the Works Council. The Chairman of the Supervisory Board was Hubert Palfinger. His deputies were Gerhard Rauch and Hannes Palfinger.

In 2024, four regular Supervisory Board meetings were held. The main topics of the Supervisory Board meetings in 2024 were: the 2023 annual financial statements, important location and investment projects, ongoing business development, and the impact of challenging economic conditions related to the interest rate and economic landscape and the geopolitical situation. Other focal points included cost reduction measures, restructuring and expansion projects, risk management and the internal control system, as well as anti-corruption measures, sustainability priorities, and the strategic direction of the PALFINGER Group for the coming years.

Group Management Report, Report of the Supervisory Board, p. 267

Name	Initial appointment	End of the term of office	Diversity factors[2)]
Hubert Palfinger (Chairman of the Supervisory Board since 12/10/2013)	4/13/2005	AGM 2025	male; born in 1969; AT
Gerhard Rauch (First Deputy Chairman since 6/6/2016)	3/9/2016	AGM 2026	male; born in 1963; AT
Hannes Palfinger (Second Deputy Chairman since 12/10/2013)	3/30/2011	AGM 2026	male; born in 1973; AT
Hannes Bogner	3/8/2017	AGM 2027	male; born in 1959; AT
Isabel Diaz Rohr	8/5/2020	AGM 2025	female; born in 1967; ESP/GER
Sita Mazumder	4.7.2021	AGM 2026	female; born in 1970; CH
Johannes Kücher[1)]	2/6/2015	1)	male; born in 1963; AT
Claudia Weindl[1)]	8/16/2023	1)	female; born in 1991; AT
Erwin Asen[1)]	12/20/2017	1)	male; born in 1971; AT

1) Delegated by the works council.
2) Diversity factors include gender, age, and nationality.

Hubert Palfinger

CHAIRMAN OF THE SUPERVISORY BOARD

After 15 years in various companies of the PALFINGER Group, Hubert Palfinger took over the management of Industrieholding GmbH in 2004. He has been a member of the Supervisory Board of PALFINGER AG since 2005 and became Deputy Chairman in September 2008. In 2013, he was elected Chairman of the Supervisory Board. Hubert Palfinger is also managing director of HP Immobilien GmbH.

Gerhard Rauch

FIRST DEPUTY CHAIRMAN

As a managing partner of the Walser Group, Gerhard Rauch has wide-ranging experience in truck body manufacturing and vehicle construction and has worked with the PALFINGER Group in this business area for decades. Mr. Rauch is managing partner of Walser GmbH and chairman of the board of Walser Schweiz AG (general agency Palfinger). He is also Chairman of the Board of Directors of Walser Zizers AG, Managing Partner of Kulhay Yachtwerft GmbH and managing partner of G.R. Property Ltd. Mr. Rauch is also Co-owner of Rauch Fruchtsäfte GmbH & Co OG. Furthermore, Mr. Rauch is the economic co-owner of Rauch Private foundation and beneficial owner of E.R. private foundation. He has been a member of the supervisory board since 2016 PALFINGER AG and 1st Deputy Chairman.

[3] This section fulfills the disclosure requirements of the European Sustainability Reporting Standards (ESRS), which are applied in the consolidated non-financial statement as part of Palfinger's management report (ESRS 2-GOV-1.21a, ESRS 2-GOV-AR5, G1-GOV-1.5b).

Hannes Palfinger

SECOND DEPUTY CHAIRMAN
After studying business administration and pursuing a career as an athlete, Hannes Palfinger spent three years working for PricewaterhouseCoopers in Vienna as an assistant auditor. From 2007 to 2010, he held an executive position at Palfinger Systems GmbH. Hannes Palfinger is currently managing director of Clear Holding GmbH, HP Immobilien GmbH, Industrieholding GmbH, and Audiodata Lautsprecher GmbH. He has been a member of the Supervisory Board of PALFINGER AG since 2011 and Second Deputy Chairman since 2013.

Other positions held by members of the Supervisory Board[4]

Hannes Bogner

In addition to being a member of the Supervisory Board of PALFINGER AG, Hannes Bogner has a seat on the supervisory boards of Oberbank AG, BKS Bank AG, and the Bank für Tirol und Vorarlberg AG.

Isabel Diaz Rohr

In addition to her role as a member of the Supervisory Board of PALFINGER AG, Isabel Diaz Rohr is also a member of the Shareholders' Committee of Voith Management GmbH, a member of the Supervisory Board of Voith GmbH & Co. KGaA, and, since January 1, 2024, a member of the Advisory Board of Arburg GmbH + Co KG.

Sita Mazumder

In addition to her role as a member of the Supervisory Board of PALFINGER AG, Ms. Mazumder is a member of the Supervisory Board of Josef Manner & Comp AG (Vienna), where she chairs the Digitalization Committee. She is also a member of the Supervisory Board of the Rhomberg Group (Bregenz) and a member of the Swiss Federal Electricity Commission ElCom (Bern), where she chairs the Market Surveillance Committee. Furthermore, Ms. Mazumder is a member of the Board of Directors and the Nomination and Compensation Committee of Clientis AG (Bern), where she chairs the Strategy Committee, Vice President of the Board of Directors of Hiltl AG (Zurich), and a member of the Board of Directors of Helsana AG, where she chairs the Innovation/Digital Committee. Additionally, Ms. Mazumder is a Professor of IT and Business at the Lucerne University of Applied Sciences and Arts.

Apart from Hubert Palfinger and Hannes Palfinger, no Supervisory Board member owns stock or represents the interests of a holding of more than 10 percent in PALFINGER AG.

www.palfinger.ag/en/company/management
Remuneration of the Executive Board and Supervisory Board, p. 167

SUPERVISORY BOARD COMMITTEES

Audit Committee

The tasks and decision-making powers of the Audit Committee of PALFINGER AG comply with the provisions of the AktG. In 2024, three committee meetings were held, focusing primarily on the consolidated and annual financial statements, the internal control system, risk management, IFRS and accounting issues, internal auditing, the requirements for sustainability reporting and their implementation within the company, as well as cooperation with the external auditor.

The following were members of the Audit Committee in 2024: Hannes Bogner (Chairman, financial expert), Hubert Palfinger, Gerhard Rauch, Hannes Palfinger, and Johannes Kücher.

[4] This section fullfills the disclosure requirements of the European Sustainability Reporting Standards (ESRS), which are applied in the consolidated non-financial statement as part of Palfinger's management report (ESRS 2-GOV-1.21c).

Nomination Committee

The election to the Supervisory Board by the Annual General Meeting is preceded by an election proposal by the Supervisory Board to the Annual General Meeting. This election proposal is based on a nomination by the nomination committee. If they are not elected for a shorter period of office, the members of the Supervisory Board are elected for the period up to the end of the Annual General Meeting that decides on the discharge for the fourth financial year after the election, not counting the financial year in which the election took place. When electing members of the Supervisory Board, the general meeting must pay attention to the professional and personal qualifications of the members in accordance with Section 87 (2a) AktG and to a professionally balanced composition of the Supervisory Board with regard to the structure and business area of the company. Furthermore, aspects of the diversity of the Supervisory Board with regard to the representation of both genders and the age structure as well as with regard to the internationality of the members must be adequately taken into account. Care must also be taken to ensure that no one is elected to the Supervisory Board who has been convicted of a criminal act that calls into question his or her professional reliability.

The Nomination Committee met once in 2024 and focused on issues related to the appointment and succession of Supervisory Board members.

The following were members of the Nomination Committee in 2024: Hubert Palfinger (Chairman), Gerhard Rauch, Hannes Palfinger, Hannes Bogner and Isabel Diaz Rohr.

Remuneration Committee

The Remuneration Committee met once in 2024. It dealt with the remuneration of the Executive Board members and conducted feedback discussions with them. Additionally, the Remuneration Committee was involved in amending the remuneration policy and preparing the remuneration report for the 2024 General Meeting.

The following were members of the Remuneration Committee in 2024: Hubert Palfinger (Chairman), Gerhard Rauch, Hannes Palfinger, Hannes Bogner and Isabel Diaz Rohr.

Remuneration of the Executive Board and Supervisory Board, p. 167 and 168

Project Committee

The Project Committee is tasked with in-depth engagement of research and development projects, as well as preparing related reports and resolutions for the Supervisory Board. In 2024, no meetings of the Project Committee were held.

Members of the Project Committee in 2024 were: Hubert Palfinger (Chairman), Hannes Palfinger, Isabel Diaz Rohr and Johannes Kücher.

Digital Committee

The Digital Committee focuses in detail on digital technologies and the preparation of items for reports and resolutions on this issue for the Supervisory Board. In the two meetings held in 2024, the Digital Committee primarily conducted ongoing monitoring of existing projects and digitalization initiatives across various company departments. It also reviewed the strategic pillar "Go Digital," the P21st business unit, product digitalization, and the cyber-security strategy.

Members of the Digital Committee in 2024: Sita Mazumder (Chair), Isabel Diaz Rohr, Hannes Palfinger and Johannes Kücher.

AUDITOR

PwC Wirtschaftsprüfung GmbH, Vienna, was proposed by the Supervisory Board as the auditor of the 2024 financial statements and consolidated financial statements of PALFINGER AG and elected by the Annual General Meeting on April 10, 2024.

Auditor's reports, p. 179

DIVERSITY PLAN[5]

PALFINGER understands diversity to include not only primary dimensions such as origin, cultural background, gender, and generations, but also secondary dimensions such as a person's working style, values, knowledge, and skills. PALFINGER is convinced that diversity, as part of its corporate culture, benefits all stakeholders and employees and therefore actively incorporates current study results and the scientific discourse on the topic into the development of measures. A cross-departmental diversity working group has been set up for this purpose.

When proposing candidates to the Annual General Meeting for Supervisory Board mandates and when nominating Executive Board members, care is taken to achieve a balance according to professional and diversity-related aspects. This approach helps to ensure the professional and successful work of the Supervisory Board and Executive Board. In addition to professional and personal qualifications, criteria such as age structure, origin, gender, education and experience background are also taken into account.

PROMOTION OF WOMEN ON THE EXECUTIVE BOARD, SUPERVISORY BOARD AND IN MANAGEMENT POSITIONS

Since January 2024, Maria Koller has been a member of the Executive Board of PALFINGER, increasing the proportion of women on the Board to 25 percent. In 2024, three women served on the Supervisory Board, representing 33 percent of its members. In the Global Management Team, five top management positions were held by women. In 2024, the proportion of women in the group was 14.9 percent (2023: 12.9 percent, excluding CIS and Romania), compared to 7.1 percent (2023: 6.2 percent) in top management. At lower levels, the proportion of female leaders roughly corresponds to the gender ratio of the entire group. Efforts are being intensified to recruit more women for new and replacement leadership positions.

[5] This section fulfills the disclosure requirements of the European Sustainability Reporting Standards (ESRS), which are applied in the consolidated non-financial statement as part of Palfinger's management report (ESRS S1-1.24a & b).

REMUNERATION OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

At the Annual General Meeting on August 5, 2020, a resolution was passed regarding the remuneration policy of Palfinger AG. Amendments to the remuneration policy were presented to the Annual General Meeting on March 30, 2023, as well as on April 10, 2024, and approved.

Further, at the Annual General Meeting on August 5, 2020, the remuneration of the Supervisory Board in fiscal year 2020 and the ensuing years was revised. A further adjustment to Supervisory Board compensation was made at the Annual General Meeting on April 7, 2021.

The compensation policy and the compensation report in accordance with § 78c and § 98a AktG is available to all interested parties on the company website (www.palfinger.ag).

www.palfinger.ag/en/investors/corporate-governance

EXTERNAL EVALUATION

According to C-rule 62 of the Austrian Corporate Governance Code (ÖCGK), the company must regularly, but at least every three years, appoint an external institution to assess the company's compliance with the Code's C-rules. PALFINGER has appointed PWC Wirtschaftsprüfung GmbH to assess the 2021 Corporate Governance Report with the exception of rules 77 through 83. Compliance with rules 77 through 83, providing these are C-rules, was assessed by Schönherr Rechtsanwälte GmbH.

The assessment came to the conclusion that PALFINGER adheres to nearly all C-rules (comply or explain), with the exception of the above mentioned rules nr. 39 and nr. 53, of the Austrian Code of Corporate Governance in the version of January 2024.

The reports on the external evaluation in accordance with Rule 62 ÖCGK are also available on the company website (www.palfinger.ag).

Bergheim, March 5, 2025

Andreas Klauser	**Felix Strohbichler**	**Alexander Susanek**	**Maria Koller**
CEO	**CFO**	**COO**	**CHRO**

Consolidated financial statement, information on transactions with related parties, page 165
www.palfinger.ag/en/investors/corporate-governance

DEFINITION OF KEY FIGURES

FINANCES

Capital Employed	Reflects capital investment and is calculated as: • Intangible assets • Plus property, plant and equipment, equity interests and net working capital
Current Capital	Current capital is composed of inventories and trade receivables on the assets side and trade payables and advances received on the liabilities side.
EBT	(Earnings before taxes) are the company’s earnings before deduction of income tax.
EBIT	(Earnings before interest and taxes) is the company’s operating result.
EBITDA	(Earnings before interest, taxes, depreciation, and amortization) is the operating result before amortization of intangible assets and depreciation of property, plant and equipment.
Earnings per share	The ratio of consolidated profit or loss for the period to the weighted average number of shares in circulation.
EVA	(Economic value added) indicates the increase in the value of the company. ROCE minues WACC multiplied by average capital employed.
Free Cashflow	Indicates the amount of cash available, for example to distribute to shareholders or to service debt: • Cash flows generated from operating and investing activities • Plus interest on borrowings • Minues tax-deductible interest expenses
Gearing Ratio	The indicator of the company’s debt. The ratio of net financial debt to equity in percent.
Net financial debt	Calculated as: • noncurrent and current financial liabilities • less • long-term and short-term securities • long-term loans • cash and cash equivalents
Net investment	capital expenditures in intangible assets, property, plant and equipment, investment property and share holdings, minus disposals.
CAPEX	(Capital Expenditure) denotes capitalized expenditures, i.e. capital expenditures for property, plant and equipment and intangible assets.
Net Working Capital	The absolute surplus of current assets over current liabilities.

NOPLAT	(Net operating profit less adjusted taxes) is calculated as: • EBIT • Minus taxes on EBIT
ROCE	(Return on capital employed) indicates the rate of return generated on capital invested in the company. Ratio of NOPLAT and average capital employed (from the prior-year reporting date to current reporting date) in percent
ROE	(Return on equity) is a measure of the company's profitability that presents the result in relation to the equity deployed. Ratio of taxed earnings and average equity (from the prior-year reporting date to current reporting date) in percent
WACC	(Weighted average cost of capital) is a measure of the average cost of capital employed (debt and equity).

EMPLOYEES

Full-time equivalent	The full-time equivalent is calculated from the contractually agreed working hours of an employee. These are set in relation to the normal working hours of a full-time employee.
Turnover	Defined as the number of employees that have left the company in a twelve-month period, including retirees. Turnover is the number of departures expressed as a percentage of the total headcount at the end of the previous year. This ratio does not take into consideration any new employees joining the company.
TRIR (Total Recordable Injury Rate)	The number of work-related accidents with injuries (fatalities, accidents with lost time, accidents with medical/medical treatment, accidents with reduced ability to work) in relation to 1 million hours worked.
Percentage of women at top-management level	All employees who are members of the Global Management Team are set in relation to the total number of members of the Global Management Team.

ENVIRONMENT

Internal production-related CO2 emissions	Internal production-related CO2 emissions include direct emissions from fuels (Scope 1) and indirect emissions from electricity and district heating (Scope 2).
Intensity quotient of GHG emissions	Total internal production-related CO2 emissions in tonnes per billion euros in sales.

#3 / 2024

CONSOLI— DATED FINANCIAL STATEMENT AS AT DECEMBER 31,2024

— PALFINGER AG ANNUAL REPORT 2024

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2024

CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	Jan-Dec 2023	Jan-Dec 2024
Revenue	16, 70	2,445,852	2,359,843
Cost of sales	18, 24, 25, 26	(1,818,410)	(1,759,658)
Gross profit		**627,442**	**600,185**
Other operating income	17	37,741	41,371
Research and development costs	19, 25, 26	(70,089)	(66,931)
Distribution costs	20, 25, 26	(173,947)	(177,864)
Administrative costs	21, 25, 26	(182,290)	(189,094)
Other operating expenses	22	(43,593)	(40,046)
Income from companies reported at equity	23	14,931	18,007
Earnings before interest and taxes - EBIT		**210,195**	**185,628**
Interest income	27	3,598	2,817
Interest expenses from financial liabilities	27	(34,920)	(41,987)
Other interest expenses	27	(1,548)	(1,643)
Exchange rate differences	27	(3,997)	(2,924)
Other financial result	27	43	76
Financial result		**(36,824)**	**(43,661)**
Earnings before income tax		**173,371**	**141,967**
Income tax	28, 69	(47,419)	(31,217)
Result after income tax		**125,952**	**110,750**
attributable to shareholders of PALFINGER AG (consolidated net profit or loss for the period)		**107,673**	**100,018**
attributable to non–controlling interests		**18,279**	**10,732**
EUR			
Earnings per share (undiluted and diluted)	46	3.10	2.88

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	Jan-Dec 2023	Jan-Dec 2024
Result after income tax		**125,952**	**110,750**
Amounts that will not be reclassified to the income statement in future periods			
Remeasurement according to IAS 19	52	9	(879)
Deferred taxes thereon		(3)	179
		6	**(700)**
Amounts that may be reclassified to the income statement in future periods			
Unrealized gains (+) / losses (-) from foreign currency translation of foreign subsidiaries		(36,439)	(18,234)
Unrealized gains (+) / losses (–) from foreign currency translation of entities reported at equity	33	(4,155)	(2,897)
Unrealized gains (+) / losses (–) from foreign currency translation of non-current assets held for sale		-	401
Unrealized gains (+) / losses (–) from foreign currency translation of long-term loans to foreign subsidiaries (pursuant to IAS 21.15)		(1,170)	3,326
Deferred taxes thereon		488	(719)
Effective taxes thereon		(384)	82
Gains (+) / losses (–) on cash flow hedges	48		
Changes in unrealized profits (+) / losses (–)		(6,658)	(1,593)
Deferred taxes thereon		1,727	(216)
Effective taxes thereon		(188)	535
Realized gains (–) / losses (+)		2,094	(3,448)
Deferred taxes thereon		(642)	784
Effective taxes thereon		187	33
		(45,140)	**(21,946)**
Other comprehensive income after income tax		**(45,134)**	**(22,646)**
Total comprehensive income		**80,818**	**88,104**
attributable to shareholders of PALFINGER AG		**68,566**	**79,815**
attributable to non-controlling interests		**12,252**	**8,289**

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	12/31/2023	12/31/2024
Non-current assets			
Intangible assets	1, 2, 3, 29, 61	249,570	253,417
Property, plant and equipment	2, 30, 32, 62	595,301	649,108
Investment property	31	-	1,592
Interest in entities reported at equity	5, 23, 33	62,362	71,303
Other non-current assets	36	4,639	4,126
Deferred tax assets	9, 34, 69	20,030	33,048
Non-current financial assets	35, 57, 66	5,304	4,897
		937,206	**1,017,491**
Current assets			
Inventories	8, 37, 64	619,862	621,971
Trade receivables	6, 38, 57, 38, 66	318,862	251,089
Contract assets from customer contracts	38, 66	17,246	22,685
Other current receivables and assets	40	83,797	76,004
Income tax receivables	28, 69	1,788	6,579
Current financial assets	13, 39, 57, 66	5,803	1,124
Cash and cash equivalents	41, 57, 66	76,538	131,803
		1,123,896	**1,111,255**
Assets held for sale	29, 30, 38	-	5,779
		1,123,896	**1,117,034**
Assets		**2,061,102**	**2,134,525**
Equity			
Share capital	42	34,767	34,767
Share premium	43	86,844	86,844
Treasury stock	44	(96,667)	(96,667)
Retained earnings	46, 47, 48	723,083	781,999
Currency translation reserve	45	(92,583)	(108,184)
Total equity attributable to shareholders of PALFINGER AG		**655,444**	**698,759**
Non-controlling interests	49	60,073	54,308
		715,517	**753,067**
Non-current liabilities			
Non-current financial liabilities	4, 31, 50, 57, 66	607,362	692,033
Non-current purchase price liabilities from acquisitions	12, 51, 57, 66	938	24
Non-current provisions	10, 52, 67, 68	42,384	44,146
Deferred tax liabilities	34, 69	6,038	11,762
Non-current contract liabilities from customer contracts	56	4,047	4,641
Other non-current liabilities	53	520	342
		661,289	**752,948**
Current liabilities			
Current financial liabilities	4, 57, 66	148,190	108,037
Current purchase price liabilities from acquisitions	12, 51, 57, 67	821	1,161
Current provisions	11, 54, 68	44,400	46,044
Income tax liabilities	28, 69	18,896	14,212
Trade payables and other current liabilities	55, 57, 67	405,862	387,894
Current contract liabilities from customer contracts	56	66,127	69,130
		684,296	**626,478**
Liabilities held for sale	52, 56	-	2,032
		684,296	**628,510**
Equity and liabilities		**2,061,102**	**2,134,525**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to the shareholders of PALFINGER AG		
EUR thousand	Note	Share capital	Share premium	Treasury Stock
As at 1/1/2023		**34,767**	**86,844**	**(96,667)**
Total comprehensive income				
Result after income tax		-	-	-
Other comprehensive income after income tax				
Unrealized gains (+)/losses (–) from foreign currency translation	45	-	-	-
Remeasurement according to IAS 19	52	-	-	-
Gains (+)/losses (–) from cash flow hedge	48	-	-	-
		-	**-**	**-**
		-	**-**	**-**
Transactions with shareholders				
Dividends	47	-	-	-
Disposal of non-controlling interests		-	-	-
Other changes		-	-	-
		-	**-**	**-**
As at 12/31/2023		**34,767**	**86,844**	**(96,667)**
As at 1/1/ 2024		**34,767**	**86,844**	**(96,667)**
Total comprehensive income				
Result after income tax		-	-	-
Other comprehensive income after income tax				
Unrealized gains (+)/losses (–) from foreign currency translation	45	-	-	-
Remeasurement according to IAS 19	52	-	-	-
Gains (+)/losses (–) from cash flow hedge	48	-	-	-
		-	**-**	**-**
		-	**-**	**-**
Transactions with shareholders				
Dividends	47	-	-	-
Disposal of non-controlling interests		-	-	-
Other changes		-	-	-
		-	**-**	**-**
As at 12/31/2024		**34,767**	**86,844**	**(96,667)**

Equity attributable to the shareholders of PALFINGER AG						
Retained earnings				Total		Equity
Other retained earnings	Remeasurement according to IAS 19	Valuation reserve according to IFRS 9	Currency translation adjustments		Non-controlling interests	
648,231	**(7,655)**	**5,069**	**(56,951)**	**613,638**	**61,235**	**674,873**
107,673	-	-	-	107,673	18,279	125,952
-	-	-	(35,632)	(35,632)	(6,029)	(41,661)
-	4	-	-	4	2	6
-	-	(3,479)	-	(3,479)	-	(3,479)
-	**4**	**(3,479)**	**(35,632)**	**(39,107)**	**(6,027)**	**(45,134)**
107,673	**4**	**(3,479)**	**(35,632)**	**68,566**	**12,252**	**80,818**
(26,770)	-	-	-	(26,770)	(13,404)	(40,175)
11	-	-	-	11	(11)	-
-	-	-	-	-	1	1
(26,760)	**-**	**-**	**-**	**(26,760)**	**(13,414)**	**(40,174)**
729,144	**(7,651)**	**1,590**	**(92,583)**	**655,444**	**60,073**	**715,517**
729,144	**(7,651)**	**1,590**	**(92,583)**	**655,444**	**60,073**	**715,517**
100,018	-	-	-	100,018	10,732	110,750
-	-	-	(15,601)	(15,601)	(2,439)	(18,040)
-	(696)	-	-	(696)	(5)	(701)
-	-	(3,905)	-	(3,905)	-	(3,905)
-	**(696)**	**(3,905)**	**(15,601)**	**(20,202)**	**(2,444)**	**(22,646)**
100,018	**(696)**	**(3,905)**	**(15,601)**	**79,816**	**8,288**	**88,104**
(36,505)	-	-	-	(36,505)	(14,049)	(50,554)
4	-	-	-	4	(4)	(0)
-	-	-	-	-	-	-
(36,501)	**-**	**-**	**-**	**(36,501)**	**(14,053)**	**(50,554)**
792,661	**(8,347)**	**(2,315)**	**(108,184)**	**698,759**	**54,308**	**753,067**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand		Jan-Dec 2023	Jan-Dec 2024
Cash flows from operating activities			
Result before income tax		173,371	141,967
Depreciation, amortization and impairment losses (+)/ reversal of impairment losses (–) on non-current assets		92,646	91,402
Gains (–)/losses (+) on the disposal of non-current assets	17, 22	(593)	(1,818)
Interest income (–)/interest expenses (+)	27	32,870	40,813
Income from companies reported at equity	23, 33	(14,931)	(18,008)
Non-cash change in purchase price liabilities	51, 55	131	(641)
Other adjustments for non-cash items		12,346	7,859
Increase (–)/decrease (+) in assets		(74,262)	53,041
Increase (+)/decrease (–) in provisions		8,386	889
Increase (+)/decrease(–) in liabilities		6,510	(9,131)
Net cash flow from operating activities		**236,474**	**306,373**
Interest received		3,598	2,817
Interest paid		(28,809)	(37,677)
Dividends received from companies reported at equity	33	6,283	4,201
Cash payments for the acquisition of subsidiaries in prior years	51, 55	(1,238)	-
Income taxes paid		(29,647)	(47,711)
		186,661	**228,003**
Cash flows from investing activities			
Proceeds from sales of intangible assets and property, plant and equipment		2,538	9,338
Purchase for the acquisition of intangible assets and property, plant and equipment		(155,488)	(151,784)
Advance payments from the sale of subsidiaries		-	93
Cash payments for the acquisition of subsidiaries net of cash acquired[1)]		(2,280)	-
Cash payments for the acquisition of subsidiaries in prior years	51, 55	(11,212)	(60)
Cash payments for the acquisition of entities reported at equity	33	(100)	-
Cash payments for the aquisition of investments and other financial assets		(1,014)	(261)
Cash receipts from the sale of securities		10	830
Cash receipts for other assets		1,833	607
		(165,713)	**(141,237)**
Cash flows from financing activities			
Dividends to shareholders of PALFINGER AG	47	(26,770)	(36,505)
Dividends to non-controlling shareholders	49	(13,399)	(12,720)
Repayment of financing for the acquisition of investments		(38,783)	-
Raising of long-term financing		154,000	160,000
Repayment of maturing/terminated loans		(31,733)	(1,733)
Repayment of maturing/terminated promissory note loans		(8,000)	(118,000)
Repayment of current financing		(147,617)	(12,330)
Repayment of lease liabilities		(15,147)	(16,365)
Raising of short-term financing		130,000	10,000
		2,551	**(27,653)**
Total cash flows		**23,499**	**59,113**
Free cash flow[2)]		**46,521**	**119,520**

1) See scope of consolidation
2) Sum total of operating cash flows and investment cash flows plus interest on borrowings minus tax-deductible interest on borrowings

EUR thousand	Notes	2023	2024
Funds as at 1/1	41	61,120	76,538
Effects of changes in exchange rates		(8,081)	(3,848)
Total cash flows		23,499	59,113
Funds as at 12/31	**41**	**76,538**	**131,803**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

GENERAL INFORMATION

PALFINGER AG, with its headquarters at Lamprechtshausener Bundesstraße 8, 5101 Bergheim, Salzburg, Austria, is the listed parent company of a group of companies whose activities focus on the production and distribution of innovative lifting solutions for use on commercial vehicles and in the maritime sector.

The consolidated financial statements of PALFINGER AG as at December 31, 2024 have been compiled in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as applicable in the European Union (EU). In accordance with sec. 245a of the Austrian Business Code, these consolidated financial statements have an exempting effect under Austrian law; all additional requirements of sec. 245a (1) of the Austrian Business Code have been met.

The consolidated financial statements are prepared as at the reporting date of the parent company, PALFINGER AG. The financial year corresponds to the calendar year. The financial statements of the individual Austrian and foreign companies included in the consolidated financial statements were prepared as at the reporting date of the consolidated financial statements

Within the Group, accounting and valuation are based on uniform criteria. The consolidated financial statements are prepared on a going concern basis. Items are aggregated for the sake of clarity in the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows. These same items are then listed and explained separately in the notes based on the principle of materiality.

The consolidated balance sheet is classified by maturity in accordance with IAS 1. Assets and liabilities are classified as current if they are expected to be realized or settled within twelve months of the balance sheet date. The consolidated income statement has been prepared using the cost of sales method.

For the sake of clarity and comparability, all figures in the consolidated financial statements are expressed in EUR thousand as a general rule. The rounding of individual items and percentages can lead to minor differences in calculated amounts.

The consolidated financial statements and the separate financial statements of the entities included in the consolidated financial statements are published in accordance with statutory requirements. The consolidated financial statements of PALFINGER AG as at December 31, 2024 were audited by PwC Wirtschaftsprüfung GmbH, Wien, Austria. On March 5, 2025, the Executive Board of PALFINGER AG approved the consolidated financial statements as at December 31, 2024 for submission to the supervisory board. The supervisory board has the task of reviewing the consolidated financial statements and communicating whether it approves the consolidated financial statements as at December 31, 2024.

CONSOLIDATION POLICIES

Scope of consolidation

PALFINGER AG prepares the consolidated financial statements for the PALFINGER Group. The consolidated financial statements comprise the financial statements of PALFINGER AG and the financial statements of the entities controlled by PALFINGER AG as at December 31 of each year. Control has been established if an entity has the right to direct an investee's relevant activities, if it generates variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Associated companies and joint ventures are included in the consolidated financial statements using equity method accounting. An associated company is an entity over which PALFINGER AG may exercise significant influence by participating in its financial and operating policy decisions but over which it has neither control nor joint control. There is a rebuttable presumption that the investor holds 20 to 50 percent of voting rights. A joint venture is a joint arrangement between PALFINGER and one or more other partners under which the parties having joint control of the joint venture hold rights to the net assets of this entity.

The scope of consolidation, including PALFINGER AG as the parent company, is disclosed in the investment overview.

Restructurings

Palfinger Duisburg GmbH, Germany, was merged into Palfinger GmbH, Germany, effective January 1, 2024.

Equipdraulic S.L., Spain, was merged into Ibérica Maquinaria S.L., Spain, effective January 1, 2024.

Start-ups

Palfinger Vietnam Co Ltd, Vietnam, was founded on February 20, 2024 as a 100 percent subsidiary of Palfinger Asia Pacific Pte Ltd, Singapore.

An agreement with Franchetti S.p.A. was signed on December 23, 2024, and a new company was established, in which PALFINGER holds a minority share of 27.4 percent. This company will take over the assets and operational business of STRUCINSPECT GmbH. The transaction was closed in February 2025.

Disposal group

On July 30, 2024, the signing for the sale of Mega Repairing Machinery Equipment LLC, Dubai, Megarme General Contracting Company LLC, Abu Dhabi and Megarme Inspection & Engineering Services LLC, Dubai, took place. The purchase price amounted to 900 thousand euros. The transaction is subject to the customary closing conditions and is expected to be completed in the first quarter of 2025.

As of the reporting date, the companies are presented as a disposal group held for sale in accordance with IFRS 5. They are recognized at their book value. No impairment losses were recognized in this context. The companies are allocated to the "Sales & Service" segment.

As of December 31, 2024, the disposal group comprised the following assets and liabilities:

EUR thousand	2024
Non-current assets	
Intangible assets and other than goodwill	67
Property, plant and equipment	49
Other non-current assets	22
	138
Current assets	
Inventories	471
Trade and other current receivables	4,849
Other current assets	321
	5,641
Assets held for sale	**5,779**

EUR thousand	2024
Non-current liabilities	
Non-current provisions	346
	346
Current liabilities	
Trade payables	939
Other non-current liabilities	747
	1,686
Liabilities held for sale	**2,032**

The cumulative value of the results from currency translation recognized in other comprehensive income amounts to EUR 3,829 thousand for the both companies.

Consolidated financial statements, List of shareholdings, p. 251

Consolidation method

Business combinations are accounted for using the acquisition method. The cost of a business acquisition is calculated as the sum of consideration transferred, measured at fair value as of the acquisition date, and the non-controlling interest in the acquired entity. For each business combination, PALFINGER AG measures the non-controlling interests in the acquiree either at fair value or at the corresponding share of the acquiree's identifiable net assets. Costs incurred in connection with the business combination are recorded as expense.

When the PALFINGER Group acquires a business entity, it determines the proper classification and designation of the financial assets and assumed liabilities in accordance with the terms and conditions of the contract, the economic circumstances, and the general conditions prevailing on the acquisition date.

For business combinations achieved in stages, the equity interest in the entity previously held by PALFINGER AG is remeasured at fair value as of the acquisition date, and the resulting gain or loss is recognized through profit or loss.

The agreed conditional consideration is recognized at the acquisition date fair value. Subsequent changes in the fair value of contingent consideration representing an asset or liability are recognized through profit or loss in accordance with IFRS 3.58.

Goodwill is initially measured at cost, determined as the excess of the consideration transferred plus the fair value of the previously held non-controlling interests over the Group's identifiable assets and liabilities acquired. If this consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized through profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the Group’s cash-generating units that are expected to benefit from the combination. This applies regardless of whether other assets or liabilities of the acquiree are allocated to those cash-generating units.

If goodwill is assigned to a cash-generating unit and an operation representing part of this unit is sold, the goodwill attributable to the disposed operation is taken into account as a component of the operation’s carrying amount when determining the gain or loss on the disposal of this operation. The value of the disposed portion of goodwill is determined based on the relative values of the disposed operation and the portion remaining with the cash-generating unit.

The net income as well as assets and liabilities of associated companies and joint ventures are included in the consolidated financial statements using equity method accounting. Investments in associated companies or joint ventures are reported in the balance sheet at cost after adjustment for changes in the Group’s share of net assets after the acquisition date and for impairment losses. Losses exceeding the Group’s investments in associated companies or joint ventures are not recognized unless the Group bears the economic risk. Goodwill related to the associated company or joint venture is included in the carrying amount of this share and is neither amortized nor subjected to a separate impairment test.

Any change in the amount of the interest held in a subsidiary not resulting in loss of control is accounted for as an equity transaction.

Intra-group receivables and liabilities, expenses and income, and interim results are fully eliminated.

Foreign currency translation within the Group

The consolidated financial statements are prepared in EUR, the functional currency of PALFINGER AG.

Monetary assets and liabilities denominated in a foreign currency are translated to the functional currency at every reporting date using the exchange rate prevailing on the reporting date. All exchange rate differences are recognized in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate prevailing on the transaction date. Non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rate applicable when the fair value is determined.

Financial statements prepared in foreign currencies are translated in accordance with IAS 21 based on the concept of the functional currency. The assets and liabilities are translated from the functional currency into euros at the average exchange rate prevailing on the balance sheet date. Goodwill arising from the acquisition of foreign subsidiaries is assigned to the acquired company and translated at the average exchange rate prevailing on the balance sheet date. The items of the income statement of the foreign consolidated companies are translated at average exchange rates for the period.

Differences arising from the foreign currency translation of the proportionate equity are recognized in other comprehensive income. These exchange rate differences are recognized in profit or loss when a foreign entity is deconsolidated. Exchange rate differences attributable to non-controlling interests are offset against non-controlling interests.

Non-current financial receivables from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are treated as a part of the net investment in the respective foreign subsidiary. Differences arising from the foreign currency translation of such items are recognized in other comprehensive income. On disposal of the net investment, such exchange differences are reclassified from equity to profit or loss.

The following exchange rates are of particular importance for the consolidated financial statements:

	Reporting date rate		Average exchange rate	
1 euro equals	12/31/2023	12/31/2024	Jan-Dec 2023	Jan-Dec 2024
BRL	5.3618	6.4253	5.4128	5.8500
CAD	1.4642	1.4948	1.4606	1.4820
NOK	11.2405	11.7950	11.3950	11.6181
CNY	7.8509	7.5257	7.6589	7.7275
RUB	99.3757	117.7854	92.1794	101.4406
SEK	11.0960	11.4590	11.4563	11.4226
USD	1.1050	1.0389	1.0816	1.0826

SEGMENTS

The Executive Board of PALFINGER AG manages the Group based on the segments Sales & Service, Operations and Tail Lift. This segment structure follows the strategy pursued by the Executive Board as well as the organizational and management structures and separates the different customer segments and business models from each other.

PALFINGER divides its business into the segment Sales & Service and segment Operations. The other segments include the non-reportable segment Tail Lift and the Holding unit. The Holding unit comprises the Group’s administrative expenses and strategic projects for the future.

Effective from January 1, 2024, there was a transfer of assets and liabilities related to the product line in North America from Palfinger USA, LLC, segment Sales & Service, to Palfinger Interlift, LLC. Palfinger Interlift, LLC is part of the segment Tail Lift and is reported under the other non-reportable segments. A retrospective adjustment of the prior period according to IFRS 8.29 was not made, as the required information is not available and the cost of its preparation would be excessively high.

Group management report, Performance by segment, p. 36

SEGMENT SALES & SERVICE

Segment Sales & Service comprises the sales and service units.

The segment Sales & Service has a diversified product portfolio. In this segment, the strategy is to maintain market and technology leadership and, in regions that are still being established and are less developed, to introduce customers to existing products, further strengthen sales and service structures and expand market share.

SEGMENT OPERATIONS

The segment Operations comprises the production sites and the respective production share of a company.

Other segments

The other segments include the non-reportable segment Tail Lift as well as the Holding unit.

The segment Tail Lift comprises the production and sales of the Tail Lifts in Europe and US.

The Holding unit includes the expenses for group-wide functions related to the Group's administration as well as costs for future strategic projects incurred by the Holding company. No revenue is reported in the Holding unit.

Carrying amounts

The carrying amounts for the purposes of segment reporting correspond to the accounting policies applied for the IFRS consolidated financial statements. The operating result (EBIT) is reported as the segment result.

For corporate management at Group level, PALFINGER uses Capital Employed and its influencing factors and/or Return on Capital Employed (ROCE). Capital Employed (at reporting date) comprises intangible assets, property, plant and equipment, investments in entities accounted for using the equity method, non-current operating assets, and net working capital.

Group management report, financial position, cash flows, and results of operations p. 35

Transfer pricing

The transfer prices are determined in accordance with the OECD guidelines. The requirement of arm's length and transparency were key considerations in determining transfer prices. In order to guarantee arm's length conditions, written contracts are required for intra-group deliveries and services.

Deliveries between subsidiaries are invoiced at the cost of production on the basis of standard capacity utilization plus a markup derived from a standardized functional and risk analysis.

Services are subdivided into different groups and invoiced either on a cost basis (final settlement, cost contribution arrangement, agreed flat rate) or using the cost-plus mark-up method. Whether or not a profit surcharge can be applied depends on the exact allocation and whether recurring routine functions are involved.

Jan–Dec 2023

EUR thousand	SALES & SERVICE	OPERATIONS	Other Segments	Consolidation	Total
External revenue	2,237,518	155,336	52,999	-	2,445,852
Intra-group revenue	-	1,517,726	19,799	(1,537,524)	-
Total revenue	**2,237,518**	**1,673,061**	**72,798**	**(1,537,524)**	**2,445,852**
Depreciation, amortization and impairment	(25,131)	(45,699)	(21,848)	-	(92,678)
thereof impairment	(1,945)	(3,176)	(3,565)	-	(8,686)
Cost of sales	(1,786,642)	(1,509,037)	(60,256)	1,537,524	(1,818,410)
Research and development costs	(21,775)	(48,313)	-	-	(70,089)
Distribution costs	(173,947)	-	-	-	(173,947)
Administrative costs	(54,913)	(57,426)	(69,950)	-	(182,290)
Other operating income and expenses	(7,442)	3,450	(1,861)	-	(5,852)
Income from companies reported at equity	14,863	68	-	-	14,931
EBIT	207,658	61,806	(59,269)	-	210,195
Additions to long-term assets	44,868	100,049	34,685		179,601
Segment assets	1,317,190	1,029,010	998,124	(1,283,222)	2,061,102
thereof shares from companies reported at equity	42,432	19,930	-	-	62,362
Segment liabilities	743,824	716,397	1,151,358	(1,265,994)	1,345,585

Jan–Dec 2024

EUR thousand	SALES & SERVICE	OPERATIONS	Other Segments	Consolidation	Total
External revenue	2,121,314	133,641	104,887	-	2,359,843
Intra-group revenue	-	1,263,477	553	(1,264,029)	(0)
Total revenue	**2,121,314**	**1,397,118**	**105,440**	**(1,264,029)**	**2,359,843**
Depreciation, amortization and impairment	(23,068)	(45,896)	(22,453)	-	(91,417)
thereof impairment	(1)	(128)	(2,085)	-	(2,214)
Cost of sales	(1,674,145)	(1,271,497)	(92,351)	1,278,335	(1,759,658)
Research and development costs	(21,856)	(45,075)	-	-	(66,931)
Distribution costs	(177,864)	-	-	-	(177,864)
Administrative costs	(69,305)	(46,072)	(73,717)	-	(189,094)
Other operating income and expenses	(2,102)	1,304	2,122	-	1,324
Income from companies reported at equity	18,218	(210)	-	-	18,008
EBIT	194,261	35,568	(44,200)	-	185,628
Additions to long-term assets	37,647	85,961	43,067	-	166,675
Segment assets	1,204,582	977,997	957,209	(1,005,263)	2,134,525
thereof shares from companies reported at equity	50,736	20,567	-	-	71,303
Segment liabilities	708,981	596,877	1,081,784	(1,006,185)	1,381,458

Revenues by product group are broken down as follows:

EUR thousand	Jan–Dec 2023	Jan–Dec 2024
Crane	1,386,705	1,327,379
Hydraulic Systems	566,321	535,481
Service	336,760	362,403
Made-to-order	155,336	133,641
Others	730	939
Revenue	**2,445,852**	**2,359,843**

The Crane product group consists primarily of the Loader Crane, Stiff Boom Crane, Timber and Recycling Cranes, and Marine and Wind Cranes products. In the Hydraulic Systems product group, products include taillift, platforms, hooklift, truck mounted forklift and railway, as well as marine products such as davits, boats and offshore. The Service unit combines the service business for all other product groups. Contract manufacturing relates to the external sales reported in the Operations segment.

No single external customer contributes more than 10 percent to external revenue.

Revenue broken down by geographical area is presented in Note (16).

Notes to the consolidated income statement, (16) Revenue p. 186

INFORMATION ON GEOGRAPHICAL AREAS

Non-current assets are broken down as follows:

EUR thousand	12/31/2023	12/31/2024
Intangible assets		
Denmark	1,675	1,674
Germany	26,198	29,383
France	16,391	16,336
Austria	108,075	115,195
Croatia	1,289	1,296
Netherlands	9,793	6,719
Norway	32,285	30,269
Remaining foreign countries	3,643	3,796
Romania	5,477	5,452
Russia	11,879	10,436
Sweden	7,606	6,785
Spain	3,892	3,350
USA	6,762	7,235
United Arab Emirates	14,604	15,491
	249,570	**253,417**
Property, plant and equipment		
Brazil	14,448	12,830
Bulgaria	73,205	74,046
Denmark	3,106	3,101
Germany	67,830	75,251
France	5,316	4,952
Austria	183,421	195,827
Italy	8,047	8,296
Canada	4,233	4,461
Croatia	5,922	5,857
Netherlands	3,549	5,527
Poland	14,396	14,310
Remaining foreign countries	12,043	12,884
Romania	47,788	58,126
Russia	31,346	27,925
Sweden	7,886	8,128
Serbia	8,383	26,750
Slovenia	36,306	36,431
Spain	2,806	11,147
USA	65,273	64,852
	595,301	**650,699**
Other non-current assets		
Brazil	2,951	2,302
China	514	511
Denmark	64	62
France	74	74
India	60	63
Austria	188	178
Remaining foreign countries	115	97
Russia	253	178
Singapore	173	271
Spain	175	316
USA	72	75
	4,639	**4,126**

STANDARDS AND INTERPRETATIONS TO BE APPLIED FOR THE FIRST TIME OR IN THE FUTURE

The following new and/or amended IASB Standards and IFRS IC Interpretations must be applied for the first time in the fiscal year 2024. The new regulations did not have any material impact on the consolidated financial statements.

Standards/Interpretations	Mandatory application in the EU	Endorsement Status
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (published in May 2023) – see note 55	January 1, 2024	May 15, 2024
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (published in January 2020); Classification of Liabilities as Current or Non-current - Deferral of Effective Date (published in July 2020); and Non-current Liabilities with Covenants (published in October 2022) – see note 57	January 1, 2024	December 19, 2023
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (published in September 2022)	January 1, 2024	November 20, 2023

The following new accounting standards and interpretations have been published but are not mandatory for the reporting period ending December 31, 2024 and have not been early adopted. The impact of these new or amended accounting standards on current or future reporting periods as well as foreseeable future transactions will be assessed in a timely manner.

They are therefore not relevant for these consolidated financial statements:

Standards/Interpretations	Mandatory application
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (published in August 2023)	January 1, 2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (published in May 2024)	January 1, 2026
IFRS 18 Presentation and Disclosure in Financial Statements (published in April 2024)	January 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures (published in May 2024)	January 1, 2027
Amendments to IFRS 9 and IFRS 7 - Contracts referencing nature-dependent electricity (published in December 2024)	January 1, 2026

USE OF ESTIMATES AND DISCRETIONARY DECISIONS

The preparation of the consolidated financial statements requires the use of estimates and assumptions that can influence the stated values of assets, liabilities, and financial obligations as of the balance sheet date as well as the income and expenses for the financial year. The actual values may differ from these estimates. The principle of a true and fair view is applied unconditionally in the use of all estimates.

Risks which may result from climate change are taken into account in the relevant individual items. Based on an analysis of the short, medium and long-term impact of climate risks and the company's own climate targets, no significant risks or significant future-oriented assumptions subject to uncertainty have been identified that affect the recognition and measurement of individual items in the financial statements. These findings result from the climate risk and vulnerability analysis conducted in accordance with the EU taxonomy regulation together with the business model and strategic orientation of the company. PALFINGER as a company is not particularly affected by climate change due to the nature of its business activities.

There is considerable risk associated with some of the most important assumptions regarding the future and other key sources of estimation uncertainty at the balance sheet date that it will be necessary to significantly adjust the carrying amounts of assets and liabilities within the next fiscal year; these assumptions and estimates are disclosed below.

(1) Purchase price allocations

Purchase price allocations made in the course of business acquisitions require assumptions as to the existence and measurement of the assets acquired (in particular intangible assets) and liabilities and contingent liabilities assumed. Assumptions – in particular regarding cash flows and the discount rate – are used when determining fair values in the course of the purchase price allocation.

(2) Impairment of non-financial assets

The impairment tests performed by PALFINGER with respect to goodwill, intangible assets with indefinite useful lives and unfinished capitalized development projects are based on calculations of value in use, for the purpose of which a discounted cash flow method was applied. The recoverable amount depends highly on the discount rates used under the discounted cash flow model and the expected future cash inflows. Impairment losses on non-financial assets are reported in accordance with the cost of sales structure. More details on the impairment of non-financial assets are provided in Note (29) Intangible assets and Note (30) Property, plant and equipment.

(3) Development costs

Development costs are capitalized in accordance with the presented accounting policies. The initial capitalization of costs is based on the management's assessment that technical and economic feasibility has been demonstrated. As a rule, this is the case if a product development project has reached a certain milestone in an existing project management model. For the purpose of determining the amounts to be capitalized, the management makes assumptions regarding the volume of future cash flows expected from the project, the discount rates to be applied, and the period in which the flow of future benefits is expected. The capitalized development costs relate primarily to development activities in the areas of Cranes, Platforms, Tail Lifts, Services, Railway Systems, Offshore Cranes, Davits, and Boats. The impairment test is based on the use of the individual asset regardless of the profit expectations of the unit as a whole. Further details on capitalized development costs can be found under Note (29) Intangible assets.

(4) Determination of the duration and interest rate of leases – the Group as lessee

The Group determines the duration of the lease based on the non-cancelable base term of the lease as well as by factoring in the periods arising from an option to extend the lease if it is sufficiently certain that the Group will exercise such an option, or the periods arising from an option to terminate the lease if it is sufficiently certain that the Group will not exercise such an option. The Group has entered into multiple leases that include options to extend and terminate the lease. It makes discretionary decisions when assessing whether there is sufficient certainty that the option to extend or to terminate the lease will be exercised or not exercised, i.e. it considers all relevant factors representing an economic incentive for the Group to exercise the option to extend or to terminate the lease. These discretionary decisions must be scrutinized and re-evaluated as circumstances change, which can result in an adjustment of the lease term and thus to adjustments to the lease liability and the right-of-use. After the provision date, the Group determines the term of the lease once again if a significant event or a change in circumstances has occurred that lies within its control and has an influence on whether it will exercise the option to extend or terminate the lease (e.g. carrying out key tenant's improvements or a material adjustment of the underlying asset). In the case of building leases, the renewal options are generally applied in full because it does not make economic sense to change properties at short notice. In addition, options to extend vehicle leases are not included in the term of the lease, since as a rule the Group leases vehicles for a period of not more than five years and consequently does not exercise options to extend such leases. Furthermore, periods associated with an option to terminate a lease are only included in the term of the lease if it is sufficiently certain that the option will not be exercised. If the exchange of a right-of-use is associated with high costs or expense, it is considered sufficiently certain as a rule that the option to extend the lease will be exercised.

Please refer to Note (32) Leases for details regarding potential future lease payments for periods occurring after the date on which the option to extend or terminate a lease is exercised that are not factored into the lease term.

Lease payments are discounted using the interest rate on which the lease is based, providing it can be readily determined. Otherwise – and this is generally the case in the Group – the lessee's marginal borrowing rate is discounted. This marginal borrowing rate is the interest rate the respective lessee would have to pay to borrow funds to purchase an asset of comparable value for a comparable term with comparable collateral in a comparable economic environment.

(5) Interests in entities reported at equity

Assumptions and estimates are made with respect to the assessment of impairment in the case of interests in entities reported at equity. The recoverability of interest in entities held in connection with SANY (Sany Palfinger SPV Equipment Co. Ltd., and Palfinger Sany International Mobile Cranes Sales GmbH) reported at equity depends on the development of the Chinese economy, the success of the internationalization strategy, and the economic development of the sales markets of Palfinger Sany International Mobile Cranes Sales. In China, the recoverability of these interests is influenced primarily by the development of the construction industry. Increasing urbanization, the resulting necessary infrastructure projects, the increase in wage costs, and the increased profitability of the automation of lifting, loading, and unloading operations will play a vital role in this regard. In the international markets, there are various political and macroeconomic risks that might have an impact on the recoverability of interest held in connection with the partnership with SANY. The shares held in entities reported at equity in connection with SANY (Sany Palfinger SPV Equipment Co. Ltd., Palfinger Sany International Mobile Cranes Sales GmbH) are joint ventures; management of the companies is exercised jointly and no property rights exist. The carrying amounts and further details regarding interests in entities reported at equity can be found in Note (33) Interests in entities reported at equity.

(6) Measurement of receivables

In addition to the standardized measurement of receivables based on an analysis of historical data and an assessment of future developments, taking into account the number of days overdue and country risk, the likelihood of receiving payment is assessed for the application of specific valuation allowances on receivables. Previous experience with specific customers, their creditworthiness, and any collateral provided are taken into account here. Impairment losses on receivables and contract assets are presented in Note (38) Trade receivables and contract assets from contracts with customers. Uncollectible receivables are de-recognized.

(7) Revenue recognition from contract manufacturing and rendering of services

Revenue from contract manufacturing and the rendering of services is reported based on the percentage of completion method. When applying this method, PALFINGER estimates the percentage of services already rendered by the balance sheet date in proportion to the overall scope of the orders and the order costs yet to be incurred. Further details on revenue recognition from contract manufacturing and the rendering of services can be found under Note (16) Revenue and Note (38) Trade receivables and contract assets from contracts with customers.

(8) Measurement of inventories

A standardized obsolescence measurement method has been implemented in order to account for the risk of obsolescence. In addition to actual and planned consumption, minimum inventories, and inventory range specifications, this method also takes into account alternative uses of materials. Furthermore, the economic benefit of inventories on hand is also reviewed on a case-by-case basis and, if necessary, additional allowances are recorded on the basis of long-term storage, limited distribution channels, or defects in quality. In addition, a systematic review of finished goods is carried out with a view to achieving loss-free measurement, which is basically characterized by the expected sales prices, currency developments, the date of sale, and the costs yet to be expected. Further details on allowances for inventories can be found under Note (37) Inventories.

(9) Deferred tax assets

Deferred tax assets are recognized for all unused tax loss carry-forwards to the extent that it is likely that taxable income will be available for this purpose so that the loss carry-forwards can in fact be used. In the case of loss carry-forwards not subject to expiration, their usability within the next five years is taken as the decisive factor. Important discretionary decisions must be made by the management with respect to the anticipated time of occurrence and the amount of future taxable income as well as future tax planning strategies when determining the amount of the deferred tax assets that can be capitalized. Further details regarding deferred taxes can be found in Note (34) Deferred tax assets and liabilities.

(10) Pensions, severance payments and anniversary bonuses

Expenses for defined benefit plans and statutory obligations upon the termination of employment as well as entitlements to anniversary bonuses are determined on the basis of actuarial calculations. The actuarial assessment is based on assumptions regarding discount rates, future increases in wages and salaries, mortality, and future increases in pension payments. All assumptions are reviewed at the end of every reporting period. PALFINGER management uses long-term market interest rates when determining an adequate discount rate. The mortality rate is based on publicly available mortality tables for the corresponding country. Future increases in wages and salaries as well as pensions are based on the future inflation rates expected for the country in question. Further details regarding the assumptions used are presented in Note (52) Non-current provisions.

(11) Provisions for guarantee and warranty expenses

When forming provisions for guarantee and warranty expenses, guarantee and warranty obligations are taken into consideration using a standardized method. This method is significantly influenced by the timing of warranty claim, specific product replacement campaigns, reimbursement rates for suppliers, the development of the revenue subject to warranty, and assumptions regarding gross profit margins on the basis of the warranty process implemented. Provisions for guarantee and warranty expenses are presented in Note (54) Current provisions.

(12) Purchase price liabilities from acquisitions

Purchase price liabilities from business acquisitions include purchase price portions not yet payable that depend on the future development of the earnings of the acquired entities. Therefore, a change in the expected underlying values can lead to an adjustment of the carrying amounts recognized in profit or loss. These estimates are based on the PALFINGER Group's strategic corporate planning for the medium term. Details are provided in Note (51) Purchase price liability from acquisitions and in Note (57) Financial instruments.

(13) Cash flow hedge

With respect to the accounting treatment of cash flow hedges for future cash flows, it is assumed that these cash flows are highly likely to occur. Hedge accounting is discontinued if the expected transaction is no longer expected to occur. Details can be found in Note (57) Financial instruments.

(14) Reverse Factoring

In determining the classification of liabilities associated with the reverse factoring programme, judgment is required. Following a quantitative and a qualitative assessment, PALFINGER has concluded that there has been no significant change in the contractual terms, and therefore, classification as trade payables remains appropriate. In the cash flow statement, the payments will continue to be presented within the operating cash flow.

(15) Changes in estimates

No material changes were made to estimates in fiscal year 2024.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(16) Revenue

Jan–Dec 2023

EUR thousand	Sales & Service	Operations	Other segments	PALFINGER Group
EMEA	1,293,916	118,514	52,501	1,464,930
NAM	585,464	13,749	-	599,214
LATAM	120,361	6,834	173	127,368
CIS	103,490	11,295	3	114,787
APAC	129,390	4,944	322	134,656
Revenue from contracts with customers (IFRS 15)	**2,232,621**	**155,336**	**52,999**	**2,440,955**
Revenue other	4,898	0	-	4,898
Revenue total	**2,237,518**	**155,336**	**52,999**	**2,445,852**

Jan–Dec 2024

EUR thousand	Sales & Service	Operations	Other segments	PALFINGER Group
EMEA	1,220,642	98,534	45,252	1,364,428
NAM	557,608	13,845	57,354	628,807
LATAM	108,967	6,729	192	115,888
CIS	115,139	9,360	-	124,498
APAC	114,952	5,174	2,090	122,215
Revenue from contracts with customers (IFRS 15)	**2,117,308**	**133,641**	**104,887**	**2,355,837**
Revenue other	4,005	-	-	4,005
Revenue total	**2,121,314**	**133,641**	**104,887**	**2,359,843**

The breakdown by geographical area is based on the location of customers' registered offices. Other revenue consists primarily of income from the rental business. Revenue was generated in the amount of EUR 98,621 thousand (previous year: EUR 113,568 thousand) in Austria, PALFINGER's country of origin.

Expected future revenues for unfulfilled (or partially unfulfilled) rendering of service obligations from existing contracts as at the reporting date amount to:

EUR thousand	2023	2024
Within one year	16,805	20,905
More than one year	441	1,780
Expected future revenue	**17,246**	**22,685**

	Operations		Sales & Service		Other segments	
EUR thousand	Jan–Dec 2023	Jan–Dec 2024	Jan–Dec 2023	Jan–Dec 2024	Jan–Dec 2023	Jan–Dec 2024
Revenue from the sale of products	155,336	133,641	2,184,130	2,049,704	52,999	104,887
Revenue from contract manufacturing and rendering of services	-	-	53,388	71,610	-	-
Revenue	**155,336**	**133,641**	**2,237,518**	**2,121,314**	**52,999**	**104,887**

Revenue from service rendering business originates from the Megarme companies and service companies in the segment Sales & Service and relate to service work implemented as the implementation of contracts progresses.

(17) Other operating income

EUR thousand	Jan–Dec 2023	Jan–Dec 2024
Income from the disposal of intangible assets and property, plant and equipment	2,168	2,152
Income from charges for services	2,022	1,081
Exchange rate differences	18,177	13,529
Income from reimbursements under insurance policies	1,334	381
Rental income	356	525
Income from the sale of chassis	4,259	7,065
Income from the sale of rental units	-	6,345
Income from business transactions with employees	1,456	2,062
Income from other grants	1,648	896
Refund other taxes	71	381
Miscellaneous other operating income	6,249	6,953
Other operating income	**37,741**	**41,371**

For information on exchange rate differences, please refer to Note (57) Financial Instruments, item 3 Foreign currency risk.

As part of the sale of the rental business in the USA, a large proportion of the rental equipment (aerial work platforms) was sold in a single transaction. The proceeds from the sale amounted to EUR 6,345 thousand and the net income from the disposal amounted to EUR 343 thousand.

(18) Cost of sales

EUR thousand	Jan–Dec 2023	Jan–Dec 2024
Changes in inventories and other work performed by entity and capitalized	28,921	11,589
Cost of materials and purchased services	(1,252,288)	(1,174,207)
Employee expenses	(392,323)	(405,325)
Depreciation, amortization and impairment expenses	(56,518)	(53,582)
Outgoing freight costs	(32,806)	(31,499)
Guarantees and warranties	(27,105)	(25,431)
Repair and maintenance expenses	(20,066)	(18,718)
Rentals and leases	(5,074)	(4,903)
Commission expenses	(3,459)	(3,084)
Contingent workers and other third-party services	(12,250)	(15,352)
Energy costs	(22,322)	(17,134)
Travel expenses	(4,092)	(4,077)
Vehicles	(3,649)	(3,200)
Consultancy services	(4,334)	(3,728)
Office and IT expense	(3,762)	(3,323)
Insurance expense	(2,132)	(2,768)
Taxes other than income tax expenses	(2,486)	(2,444)
Miscellaneous other operating expenses	(2,666)	(2,474)
Cost of sales	**(1,818,410)**	**(1,759,658)**

Cost of sales increased at a slightly higher rate than revenues. Gross profit margin decreased slightly to 25 percent (previous year: 26 percent).

(19) Research and development costs

EUR thousand	Jan-Dec 2023	Jan-Dec 2024
Changes in inventories and other work performed by entity and capitalized	15,473	18,451
Cost of materials and purchased services	(1,937)	(2,789)
Employee expenses	(72,164)	(72,339)
Depreciation, amortization and impairment	(1,996)	(2,007)
Income from research grants	4,704	3,960
Consultancy services	(6,070)	(5,581)
Contingent workers and other third-party services	(2,765)	(2,029)
Travel expenses	(2,036)	(1,704)
Office and IT expenses	(1,312)	(1,152)
Miscellaneous other expenses	(1,986)	(1,741)
Research and development costs	**(70,089)**	**(66,931)**

Research and development costs include research costs, non-capitalizable development costs as well as product management.

The depreciation, amortization and impairment of the development costs in the amount of EUR 16,936 thousand (previous year: EUR 19,465 thousand) are reported in cost of sales. The total research and development costs therefore amounted to EUR 83,867 thousand (previous year: EUR 89,554 thousand).

(20) Distribution costs

EUR thousand	Jan–Dec 2023	Jan–Dec 2024
Changes in inventories and other work performed by entity and capitalized	(157)	(3)
Cost of materials and purchased services	(2,201)	(1,472)
Employee expenses	(115,953)	(121,577)
Depreciation, amortization and impairment	(13,836)	(13,024)
Advertising, representation and market expenses	(9,976)	(12,934)
Travel expenses	(7,320)	(7,649)
Contingent workers and other third-party services	(5,343)	(4,879)
Vehicle fleet	(3,139)	(2,976)
Transport costs	(633)	(397)
Consultancy services	(5,987)	(1,099)
Commission expenses	(870)	(684)
Office and IT expenses	(2,637)	(2,476)
Rentals and leases	(1,055)	(797)
Repair and maintenance	(1,737)	(1,837)
Insurance expenses	(1,523)	(2,262)
Miscellaneous other operating expenses	(1,582)	(3,797)
Distribution costs	**(173,947)**	**(177,864)**

(21) Administrative costs

EUR thousand	Jan–Dec 2023	Jan–Dec 2024
Changes in inventories and own work capitalized	9,345	9,831
Cost of materials and purchased services	(277)	(263)
Personnel expenses	(97,779)	(103,304)
Depreciation, amortization and impairment	(20,329)	(22,804)
Consultancy services	(20,484)	(19,385)
Contingent workers and other third-party services	(14,755)	(14,838)
Office and IT expenses	(9,316)	(5,445)
Travel expenses	(3,697)	(3,367)
Patents and licences	(6,507)	(10,302)
Advertising, representation and market costs	(4,065)	(5,305)
Rentals and leases	(1,143)	(1,437)
Taxes other than on income	(2,125)	(2,072)
Insurance	(4,727)	(5,079)
Bank charges	(1,983)	(1,771)
Repair and maintenance	(2,549)	(2,013)
Miscellaneous other expenses	(1,897)	(1,540)
Administrative costs	**(182,290)**	**(189,094)**

Fees charged by the auditor

The following fees for the services provided in the fiscal year 2024 by the auditors of the consolidated financial statements, PwC Wirtschaftsprüfung GmbH and the companies of the global PwC network have been recorded as expenses:

EUR thousand	Jan-Dec 2023	Jan-Dec 2024
Audit of the consolidated financial statements and related certification services (including reviews)	(787)	(1,022)
thereof PwC Wirtschaftsprüfung GmbH	(426)	(550)
Tax advice	(11)	(37)
Other services	(41)	0
Auditors Remuneration	**(839)**	**(1,059)**

Included are also fees for the audit of local financial statements by PwC, which are not relevant for the audit of the consolidated financial statements.

(22) Other operating expenses

EUR thousand	Jan–Dec 2023	Jan–Dec 2024
Losses on the disposal of intangible assets and property, plant and equipment	(1,586)	(886)
Losses on receivables and impairment allowances	(6,148)	(3,155)
Exchange rate differences	(22,971)	(13,324)
Expenses of claims	(929)	(221)
Material expenses from rental units sale	-	(6,002)
Expenses for legal proceedings	(187)	(3,130)
Contractual and other penalties	(548)	(318)
Material expenses from chassis	(4,196)	(8,152)
Membership fees and subscriptions	(401)	(914)
Miscellaneous other operating expenses	(6,627)	(3,945)
Other operating expenses	**(43,593)**	**(40,046)**

(23) Income from companies reported at equity

The income from associated companies and joint ventures reported at equity is as follows:

EUR thousand	Jan-Dec 2023	Jan-Dec 2024
Share in the net result for the period	14,931	18,007
Income from companies reported at equity	**14,931**	**18,007**

(24) Cost of materials and purchased services

EUR thousand	Jan–Dec 2023	Jan–Dec 2024
Cost of materials	(1,121,660)	(1,084,869)
Cost of purchased services	(102,543)	(93,460)
Cost of materials and purchased services	**(1,224,203)**	**(1,178,329)**

Regarding impairment losses on inventories included in the cost of materials, please refer to Note (37) Inventories. The cost of materials mainly relates to metal components such as sheet, plate, piping and profile sections as well as bought-in components and electrical and hydraulic components.

(25) Personnel expenses

EUR thousand	Jan–Dec 2023	Jan–Dec 2024
Wages and salaries	(525,152)	(544,211)
Expenses for severance payments	(5,788)	(5,450)
Pension expenses	(3,097)	(3,032)
Expenses for statutory social security contributions, payroll-related levies and mandatory contributions	(111,810)	(119,687)
Other social expenses	(32,371)	(30,165)
Employee expenses	**(678,219)**	**(702,545)**

Expenses for severance payments include expenses from defined contribution plans amounting EUR 2,309 thousand (previous year: EUR 2,496 thousand). This includes the cost of services to the company employee pension funds in the amount of EUR 2,309 thousand (previous year: EUR 2,496 thousand).

Pension expenses include expenses from defined contribution plans amounting EUR 2,810 thousand (previous year: EUR 2,954 thousand).

(26) Depreciation of property, plant and equipment, investment property, amortization of intangible assets and and impairment expenses

EUR thousand	Jan-Dec 2023	Jan-Dec 2024
Depreciation and amortization	(83,993)	(89,203)
Impairment losses	(8,686)	(2,214)
Depreciation of property, plant and equipment, investment property, amortization of intangible assets and impairment expenses	**(92,678)**	**(91,417)**

Regarding the development of depreciation, amortization and impairment, please refer to Notes (29) Intangible assets, (30) Property, plant and equipment and (31) Leases.

The impairment losses in 2024 mainly relate to capitalized development costs. The impairments in 2023 related to product line Tail and Passenger Lifts as well as capitalized development costs.

(27) Net interest income and other financial result

Net interest income and other financial result are as follows:

Jan–Dec 2023		Financial instruments according to IFRS 9	
EUR thousand	Total	Financial asset at amortized cost	Financial liabilities at amortized cost
Interest income	3,598	3,588	-
Interest expenses from financial liabilities	(34,920)	-	(32,575)
Other interest expenses	(1,548)	-	-
Net interest income	**(32,870)**	**3,588**	**(32,575)**
Income from the disposal of financial assets	19	-	-
Write-ups of financial assets	39	-	-
Impairment of financial assets	(15)	-	-
Exchange rate differences	(3,997)	(6,020)	-
Net profit or loss	**(3,954)**	**(6,020)**	**-**
Financial result	**(36,824)**	**(2,432)**	**(32,575)**

Jan–Dec 2024		Financial instruments according to IFRS 9	
EUR thousand	Total	Financial asset at amortized cost	Financial liabilities at amortized cost
Interest income	2,817	2,625	-
Interest expenses from financial liabilities	(41,987)	-	(39,343)
Other interest expenses	(1,643)	-	-
Net interest income	**(40,813)**	**2,625**	**(39,343)**
Income from the disposal of financial assets	74	-	-
Write-ups of financial assets	10	-	-
Impairment of financial assets	(8)	-	-
Exchange rate differences	(2,924)	1,134	-
Net profit or loss	**(2,849)**	**1,134**	**-**
Financial result	**(43,661)**	**3,759**	**(39,343)**

For details on exchange rate differences in the net financial result, see p. 233

Financial instruments according to IFRS 9				
Fair Value through OCI	**Fair Value through P&L/ Other Derivatives**	**Purchase price allocation1)**	**Non-current provisions acc. to IAS 19**	**Leases pursuant to IFRS 16**
-	-	-	-	10
-	-	-	-	(2,345)
-	-	(280)	(1,268)	-
-	**-**	**(280)**	**(1,268)**	**(2,335)**
-	19	-	-	-
-	39	-	-	-
-	(15)	-	-	-
-	2,023	-	-	-
-	**2,066**	**-**	**-**	**-**
-	**2,066**	**(280)**	**(1,268)**	**(2,335)**

Financial instruments according to IFRS 9				
Fair Value through OCI	**Fair Value through P&L/ Other Derivatives**	**Purchase price allocation1)**	**Non-current provisions acc. to IAS 19**	**Leases pursuant to IFRS 16**
-	164	-	-	28
-	-	-	-	(2,644)
-	-	(126)	(1,517)	-
-	**164**	**(126)**	**(1,517)**	**(2,616)**
-	74	-	-	-
-	10	-	-	-
-	(8)	-	-	-
-	(4,058)	-	-	-
-	**(3,983)**	**-**	**-**	**-**
-	**(3,819)**	**(126)**	**(1,517)**	**(2,616)**

(28) Income tax

The tax rate applicable to the parent company PALFINGER AG was 25 percent until 2022. As part of the Austrian eco-social tax reform from 2022, the corporate tax rate was lowered in 2023 to 24 percent and in 2024 a further reduction to 23 percent has followed. Therefore the applicable tax rate for 2024 is 23 percent.

EUR thousand	Jan–Dec 2023	Jan–Dec 2024
Effective tax expense (–) / income (+)	(44,961)	(39,873)
thereof from previous years	270	453
thereof from the use of previously unused tax loss carry forwards	4,535	6,249
Deferred income tax expense (–) / income (+)	(2,458)	8,656
thereof from previous years	188	4,138
thereof due to tax rate changes	(137)	(79)
thereof from the adjustment of tax loss carry-forwards	(314)	(49)
Income tax	**(47,419)**	**(31,217)**

The difference between the calculated tax expense and the effective tax expense for the fiscal year according to the consolidated income statement is calculated as follows:

EUR thousand	Jan–Dec 2023	Jan–Dec 2024
Earnings before income tax	173,370	141,967
Tax rate of the Group	24.0%	23.0%
Calculated tax expense	**41,609**	**32,652**
Adjustment to foreign tax rates	**(-322)**	**2,838**
Tax reduction due to		
Research and education allowances	(-1,203)	(-1,002)
Investment grants and other government aid	(-994)	(-224)
Tax rate changes	(-1,751)	(-889)
Tax-free income from investments reported at equity	(-3,584)	(-4,142)
Reversal of non-taxable provisions	-	(-1,521)
Other tax-reducing factors	(-1,652)	(-1,251)
Recognition and use of loss carry-forwards from previous years	(-4,829)	(-6,249)
Taxes not related to an accounting period	(-3,033)	(-7,861)
Other tax effects (currency translation)	-	(-489)
Reversal of allowances on deferred taxes	(-1)	(-4,813)
Valuation of investments and intra-group valuation of receivables	(-1,453)	(-315)
	(-18,498)	**(-28,755)**
Tax increase due to		
Tax rate changes	1,843	516
Non-capitalized loss carry-forwards	8,657	10,138
Allowances on loss carry-forwards	314	49
Non-tax-deductible expenses	4,495	4,945
Allocation non-taxable provisions	1,278	327
Minimum taxes	81	886
Taxes not related to an accounting period	2,341	3,269
Non-deductible withholding taxes	2,209	3,441
Valuation of investments and intra-group valuation of receivables	98	-
Different tax rate	451	660
Other tax-increasing factors	249	-
Allowances for deferred taxes	2,615	249
	24,630	**24,481**
Income tax	**47,419**	**31,217**

Global Minimum Tax (Pillar II)

PALFINGER, as a multinational corporate group with worldwide consolidated revenues exceeding EUR 750 million, falls within the scope of the OECD model rules for the global minimum tax (Pillar Two, also known as Pillar-2 income tax). On December 30, 2023, the Minimum Tax Act was published in Austria, which came into force on December 31, 2023. The regulations are therefore applicable for fiscal years beginning on or after December 31, 2023.

PALFINGER, with the headquarters of the ultimate parent company in Austria, reports an additional tax expense for Pillar-2 income taxes amounting to EUR 184 thousand.

PALFINGER prepares a qualified country-by-country report (CbCR) and thus takes advantage of the temporary Safe Harbour regulations for the simplified calculation of the Safe Harbour tests. For all business units in tax jurisdictions that meet one or more tests, this results in a reduction of the supplementary tax amount to zero. For business units in tax jurisdictions that do not meet any of the Safe Harbour tests, the supplementary tax is calculated under the full application of the Minimum Tax Act.

The full application applies to companies operating in the United Arab Emirates and Singapore:

EUR thousand[1)]	**Minimum tax profit 2024 (GloBE-Income[2)])**	**Adjusted recorded taxes 2024**	**Determined supplementary tax amount (less substance allowance)**
Singapore	8,591	1,452	-
- Palfinger Asia Pacific Pte. Ltd.			
United Arab Emirates (UAE)	3,783	342	184
- Palfinger Marine Europe B.V. - Dubai Branch			
- Mega Repairing Machinery Equipment LLC			
- Megarme General Contracting Company LLC			

1) The pre-tax profit includes a tax-free disposal of an investment within the Group.
2) Global Anti-Base Erosion

In Singapore there is no Pillar-2 top-up tax, as tax credits from previous years are consumed in these tax jurisdictions, which cannot be used for GloBE/minimum tax calculations.

In the United Arab Emirates, there are no legal regulations for the national Pillar-2 top-up tax at the time of this report. Therefore, the primary top-up tax regulations of the tax jurisdiction of the respective intermediate parent company (Palfinger AG) of the low-taxed business units are applied.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(29) Intangible assets

The development of intangible assets is shown below:

EUR thousand	Goodwill	Intangible assets with indefinite useful lives
Acquisition cost		
As at 1/1/2023	225,625	28,329
Additions	-	-
Investment promotion	-	-
Disposals	-	-
Reclassifications	-	-
Foreign currency translation	(11,168)	(1,438)
As at 12/31/2023	**214,457**	**26,891**
As at1/1/2024	214,457	26,891
Additions	-	-
Investment promotion	-	-
Disposals	-	-
Reclassifications	(0)	-
Reclassification as held for sale	(67)	-
Foreign currency translation	(5,246)	439
As at 12/31/2024	**209,145**	**27,330**
Accumulated depreciation, amortization and impairment		
As at 1/1/2023	77,279	23,789
Amortization	0	12
Impairment losses	-	-
Disposals	0	(11)
Foreign currency translation	(4,928)	(1,415)
As at 12/31/2023	**72,351**	**22,375**
As at1/1/2024	72,351	22,375
Amortization	-	-
Impairment losses	-	-
Disposals	(0)	-
Foreign currency translation	(3,389)	438
As at 12/31/2024	**68,961**	**22,812**
Carrying amounts		
As at 12/31/2023	**142,107**	**4,516**
As at 12/31/2024	**140,183**	**4,517**

Development costs	Brands, customer base and order backlog	Other intangible assets	Prepayments	Total
158,597	90,302	40,136	68	543,057
24,748	-	2,067	-	26,815
(65)	-	(163)	-	(228)
(6,541)	(925)	(1,254)	(51)	(8,771)
-	-	423	(2)	420
(736)	(1,647)	(482)	-	(15,471)
176,002	**87,730**	**40,726**	**15**	**545,821**
176,002	87,730	40,726	15	545,821
28,286	-	1,325	-	29,612
-	-	-	-	-
(21,965)	-	(1,171)	-	(23,136)
-	-	593	-	593
-	-	-	-	(67)
(290)	483	(375)	-	(4,989)
182,033	**88,213**	**41,099**	**15**	**547,834**
80,211	74,697	29,330	-	285,306
13,548	4,409	3,245	(135)	21,079
5,917	-	70	150	6,137
(5,833)	(929)	(1,010)	-	(7,783)
(332)	(1,473)	(340)	0	(8,488)
93,512	**76,704**	**31,294**	**15**	**296,250**
93,512	76,704	31,294	15	296,250
14,803	3,137	3,421	-	21,361
2,133	-	-	-	2,133
-21,571	-	-1,015	-	(22,586)
-111	610	-291	-	(2,744)
88,766	**80,452**	**33,410**	**15**	**294,415**
82,490	**11,025**	**9,432**	**-0**	**249,570**
93,267	**7,761**	**7,689**	**-0**	**253,417**

GOODWILL

The goodwill resulting from business combinations relates to the following groups of cash-generating units:

EUR thousand	12/31/2023	12/31/2024
Sales & Service	108,560	107,090
Operations	33,547	33,093
Goodwill	**142,107**	**140,183**

The recoverable amount for the groups of cash-generating units is determined based on a value-in-use calculation using projected cash flows covering a five-year period. The cash flows are then extrapolated using a growth rate. The growth rates used for 2024 were 1.23 percent for Sales & Service (previous year: 1.54 percent) and 1.25 percent for Operations (previous year: 1.44 percent). A mid-term plan was developed in 2024.

Management determined the values attributable to each of the key assumptions as follows:

Assumption:	**Method used to determine value:**
Unit sales volumes	The unit figures are based on the Sales & Operations Planning process, which is well established in the organization. The sales and production plan is coordinated in monthly cycles based on available resources. In cycle 9 (September), the basis for the unit figures for the subsequent year's budget is established. Concurrently with Cycle 9, unit figures are budgeted for further 4 years after the budget year at full-year level for each product line and region using the Sales & Operations Planning process. These quantities are partially risk-adjusted on the basis of the delivery performance of previous periods in order to achieve stable budget values and values for mid-term planning from motivated sales and production planning. Business models that are not unit-driven (e.g. service) were budgeted based on past experience and management's expectations for the future.
Sales price	The growth rates considered per product line / sales region are already known at the time of planning, as price increases have a relatively long lead time. The price development can therefore be planned accurately.
Contribution margins	Based on budgeted selling prices for 2025, expected personnel cost increases, and material price changes forecasted by the purchasing department.
Structural costs	Based on run rates, forecasts and established project plans, limits are defined for all GPO functions for the budget. In mid-term planning, assumptions about inflation per country are added to the cost base of the budget. For the segments Sales & Service and Operations, additional unit-dependent growth rates per region are applied to the cost base.
CAPEX	The investment volume is planned in relation to Group sales. In the budget, the investment volume is based on individual projects; in subsequent years, the mid-term plan major projects are continued in the planning.

Due to the planning uncertainty, three scenarios were included in the calculation of the value in use, with the realistic scenario corresponding to the approved planning. The optimistic scenario assumes a constant slight overperformance in sales and gross margin, with slightly higher structural costs. The pessimistic scenario assumes a significant negative impact on sales and gross margin, particularly in the EMEA region, over the next two years, which will level off towards the end of the medium-term planning period. Structural costs cannot be reduced to the corresponding extent.

Scenarios	**Weighting**	**CAGR external sales average 2025 to 2029**	**EBIT margin Sales & Service average 2025 to 2029**	**EBIT margin Operations average 2025 to 2029**
Optimistic	10%	5.8%	6.3%	5.4%
Realistic	65%	4.8%	5.9%	4.9%
Pessimistic	25%	2.9%	4.7%	3.1%

The discount rates applied correspond to the weighted average cost of capital customary in the market and adjusted to the specific risks on the basis of capital market data available externally and – in comparison to the corresponding discount rates in the previous year are as follows:

	Pre-tax discount rate	
in percent	2023	2024
Operations	11.0	11.2
Sales & Service	10.6	11.4

A sensitivity analysis showed that if the discount factor were increased by two percentage points, the carrying amounts in the segment Sales & Service would still be covered and there would be no need for impairment. In the segment Operations, an increase in the discount factor of two percentage points would lead to an impairment requirement of EUR 127.3 million, while an increase of 0.39 percentage points would result in a valuation equal to the carrying amount.

In addition, the sensitivity analysis showed that if EBITs were reduced by 20 percent while all other parameters remained constant, the carrying amounts in the segment Sales & Service would still be covered and there would be no need for impairment.

The excess cover in the segment Operations amounts to EUR 39.3 million. In the segment Operations, a reduction in EBIT of 20 percent over the entire planning period, with all other parameters remaining constant, would lead to an impairment requirement of EUR 136.4 million; a reduction of 4.47 percent would result in a valuation equal to the carrying amount.

The sensitivity analysis also revealed that the carrying amounts in the Sales & Service segment would still be covered if the growth rate in the perpetual annuity were to cease. In the Operations segment, the elimination of the growth rate would lead to an impairment requirement of EUR 48.2 million

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Intangible assets with indefinite useful lives result from business combinations and are as follows:

EUR thousand	12/31/2023	12/31/2024
Operations		
Nimet brand	4,516	4,517
	4,516	**4,517**
Intangible assets with indefinite useful lives	**4,516**	**4,517**

As management intends the continued use of the brand Nimet resulting from business combinations to be indefinite and a useful life cannot therefore be determined, these intangible asset has been assigned an indefinite useful life.

DEVELOPMENT COSTS

In the fiscal year 2024, PALFINGER capitalized internally generated intangible assets in the form of development costs in the amount of EUR 28,286 thousand (previous year: EUR 24,748 thousand).

Impairment tests were carried out for capitalized development costs in order to review the recoverability of development projects. The resulting impairment losses amounted to EUR 2,133 (previous year: EUR 5,917 thousand) and mainly relate to software developments (EUR 2,007 thousand) in the other non-reportable segments. In the previous year the largest amounts related to the product lines AWP and self propelled lifting solutions (EUR 3,176 thousand) and New Business Solutions (EUR 1,672 thousand) concerning the segments Sales & Service, Operations and Other Segments.

(30) Property, plant and equipment

The development of property, plant and equipment is shown below:

EUR thousand	Land and buildings	Right-of-use assets
Acquisition cost		
As at 1/1/2023	349,982	77,908
Changes in scope of consolidation	2,280	-
Additions	33,119	26,054
Investment promotion	(-755)	-
Disposals	(-598)	(-8,952)
Reclassifications	15,611	-
Foreign currency translation	(-5,420)	(-1,337)
As at 12/31/2023	**394,218**	**93,673**
As at 1/1/2024	394,218	93,673
Changes in scope of consolidation	-	-
Additions	16,717	15,946
Investment promotion	(-0)	-
Disposals	(-2,559)	(-8,040)
Reclassifications	10,213	-
Reclassified as held for sale and investment property	(-1,455)	-
Foreign currency translation	(-847)	553
As at 12/31/2024	**416,287**	**102,132**
Accumulated depreciation, amortization and impairment		
As at 1/1/2023	112,291	32,470
Depreciation	12,365	13,448
Impairment losses	22	121
Disposals	(-486)	(-6,565)
Reclassifications	-	-
Foreign currency translation	(-2,028)	(-631)
As at 12/31/2023	**122,164**	**38,844**
As at 1/1/2024	122,164	38,844
Depreciation	13,662	14,347
Impairment losses	3	78
Disposals	(-2,459)	(-6,225)
Write-ups	-	(-0)
Reclassifications	0	-
Reclassified as held for sale and investment property	(-860)	-
Foreign currency translation	(-274)	361
As at 12/31/2024	**132,236**	**47,404**
Carrying amounts		
As at 12/31/2023	**272,054**	**54,829**
As at 12/31/2024	**284,051**	**54,727**

Undeveloped land	Plant and machinery	Other equipment, operating and office equipment	Prepayments and assets under construction	Total
2,069	329,086	159,217	59,500	977,762
-	0	(-0)	0	2,280
17	20,674	18,953	52,847	151,665
-	(-356)	(-283)	-	(-1,394)
-	(-4,827)	(-7,458)	(-55)	(-21,890)
(-63)	31,658	8,173	(-55,798)	(-420)
-	(-10,301)	(-2,757)	(-2,044)	(-21,860)
2,023	**365,934**	**175,845**	**54,449**	**1,086,144**
2,023	365,934	175,845	54,449	1,086,144
-	-	-	-	-
13,840	19,103	18,495	52,471	136,572
-	(-8)	-	-	(-9)
-	(-8,904)	(-22,022)	(-2)	(-41,527)
-	22,124	6,577	(-39,507)	(-594)
-	(-1,849)	(-1,450)	(-580)	(-5,334)
-	(-4,068)	1,397	(-1,064)	(-4,030)
15,863	**392,331**	**178,842**	**65,767**	**1,171,221**
84	202,384	105,091	1,036	453,356
-	19,037	18,055	10	62,914
-	1,335	1,050	21	2,549
-	(-4,402)	(-6,383)	-	(-17,836)
-	(-12)	12	-	-
-	(-5,661)	(-1,876)	54	(-10,141)
84	**212,682**	**115,948**	**1,120**	**490,841**
84	212,682	115,948	1,120	490,841
-	20,781	18,942	-	67,732
-	0	-	-	81
-	(-8,634)	(-14,353)	-	(-31,671)
-	-	(-2)	-	(-2)
-	(-17)	44	(-28)	(-0)
-	(-1,360)	(-1,416)	-	(-3,636)
-	(-1,783)	645	(-181)	(-1,231)
84	**221,669**	**119,809**	**912**	**522,114**
1,939	**153,253**	**59,897**	**53,329**	**595,301**
15,779	**170,662**	**59,033**	**64,855**	**649,108**

Additions mainly relate to the expansion of production capacities in Austria, Germany, Serbia and Romania as well as the acquisition of land in Spain and Austria.

Land and buildings include land values of developed properties amounting to 67,047 TEUR (previous year: 67,058 TEUR). Prepayments and assets under construction as at balance sheet date include assets under construction with acquisition and manufacturing costs amounting to 62,676 TEUR (previous year: 48,748 TEUR).

In 2012, an option contract was signed that entitles PALFINGER to acquire five or ten years respectively after repurposing of the land (i.e. the first time was in October 2018) a further approx. 19,000 m^2 adjoining the site of the new Group headquarters. The price for exercising the option to acquire these additional plots of land amounts to EUR 4,353 thousand plus an inflation compensation fee up until the exercise date. The option was exercised in October 2023 and the purchase agreement was concluded in 2024, giving PALFINER the power of disposal. The property was capitalized at a value of EUR 5,997 thousand.

In the reporting period, as in the previous year no borrowing costs were capitalized on qualifying assets.

In the fiscal year 2024, government grants amounting EUR 9 thousand (previous year: EUR 1,394 thousand) were recognized in accordance with IAS 20 as a reduction of acquisition or production costs.

As part of the separation of the Tail and Passenger Lifts product line from the GPO, an impairment test was carried out for the Tail Lifts cash-generating unit in the first half of the year 2023. The recoverable amount was created based on the calculation of the value in use using forecasted cash flows for a period of 5 years. Cash flows were then extrapolated using a growth rate. The discount rates used corresponded to the usual market weighted costs of capital adjusted to the specific risks based on externally available capital market data. The discount rate before taxes was 7.47 percent. There are estimation uncertainties in the assumptions underlying the calculation of the value in use. The gross margins were determined based on the values that are incorporated into the rolling planning based on the experiences of the current year. The impairment test for the Tail Lifts cash-generating unit resulted in a negative value in use and a resulting impairment of EUR 3,033 thousand, which essentially included technical equipment and machinery amounting to EUR 1,335 thousand and other equipment, operating and office equipment amounting to 1.050 TEUR.

As at December 31, 2024, no property, plant and equipment (previous year: none) has been pledged as collateral for debt.

(31) Investment property

EUR thousand	**2024**
As at 1/1	-
Depreciation, amortization and impairment	(110)
Additions	6
Reclassifications from property, plant and equipment	1,649
Foreign currency translation	47
As at 12/31	**1,592**

In 2024, land and buildings were reclassified from property, plant and equipment to investment property, as operations there were discontinued and the property is now rented out.

As at 31 December 2024, the fair value of the investment property is EUR 1,656 thousand.

Rental income from the lease of investment property amounted to EUR 282 thousand and directly attributable operating expenses were EUR 10 thousand.

(32) Leases

The right-of-use accounted for in accordance with IFRS 16 is shown in the balance sheet under property, plant and equipment. The leasing liabilities are shown in the balance sheet under non-current and current financial liabilities. The following changes are recorded for the right-of-use reported under property, plant and equipment:

Rights of use 2023

in TEUR	Land and buildings	Equipment and machinery	Operating and office equipment	Vehicles	Total
As at 1/1/2023	39,031	385	1,064	4,957	45,437
Additions	20,092	256	1,186	4,520	26,054
Depreciation, amortization and impairment	(9,724)	(395)	(383)	(3,067)	(13,569)
Disposals	(2,005)	-	-	(383)	(2,388)
Foreign currency translation	(692)	(3)	(7)	(3)	(705)
As at 12/31/2023	**46,702**	**243**	**1,860**	**6,024**	**54,829**

Rights of use 2024

in TEUR	Land and buildings	Equipment and machinery	Operating and office equipment	Vehicles	Total
As at 1/1/2024	46,702	243	1,860	6,024	54,829
Additions	9,295	617	746	5,288	15,946
Depreciation, amortization and impairment	(10,021)	(378)	(463)	(3,562)	(14,424)
Disposals	(1,353)	(2)	(12)	(448)	(1,815)
Foreign currency translation	193	3	10	(15)	191
As at 12/31/2024	**44,816**	**483**	**2,141**	**7,287**	**54,727**

The following changes are recorded for the current and non-current lease liabilities:

Leases

EUR thousand	2023	2024
As at 1/1	46,718	56,911
Exchange rate difference	(881)	351
Additions	26,054	15,946
Disposals	(2,141)	(1,922)
Interest expenses	2,308	2,587
Payments	(15,147)	(16,365)
As at 12/31	**56,911**	**57,508**
thereof current	13,708	15,410
thereof non-current	43,203	42,098

The consolidated income statement contains the following amounts from leases.

EUR thousand	2023	2024
Depreciation on right-of-use assets	(13,569)	(14,425)
Interest expenses for lease liabilities	(2,308)	(2,587)
Expense for leases for which the underlying asset is of low value, accounted for according to IFRS 16.6	(359)	(468)
Expenses for current leases, accounted for according to IFRS 16.6	(1,865)	(1,500)
Expenses for variable lease payments, not included in the lease liability	(18)	(69)
Income from the subleasing of right-of-use assets	128	141
Recognized in profit or loss	**(17,991)**	**(18,908)**

The total cash outflows for leases in the fiscal year 2024 were EUR 18,402 thousand (previous year: EUR 17,388 thousand).

The right-of-use reported for leasing activities mainly relate to rents for various office, production and warehouse buildings, land and company vehicles. The contract terms depend on the underlying right-of-use and include renewal and termination options. The lease payments for such options are included in the lease liability if renewal is reasonably certain or it is unlikely that the right to terminate the contract will be exercised.

The potential future cash outflows from non-exercised renewal options in the next five and ten years relate to options on land and building leases.

Lease payments from non exercised option

	12/31/2023	12/31/2024
Up to 5 years	5,165	5,233
Up to 10 years	10,882	9,276

As at December 31, 2024, the exercise of the renewal options is not reasonably certain.

There are no significant residual value guarantees or restrictions on right-of-use assets.

(33) Interests in entities reported at equity

The group of companies included in the consolidated financial statements reported at equity is shown in the overview of shareholdings.

EUR thousand	2023	2024
As at 1/1	57,768	62,362
Increase in capital	100	225
Share in the net result for the period	14,931	18,007
Dividends	(6,282)	(6,394)
Foreign currency translation	(4,155)	(2,898)
As at 12/31	**62,362**	**71,303**

The following tables contain summarized financial information on associated companies and joint ventures reported at equity that are material to the Group; in each case, the figures refer to 100 percent and not to PALFINGER's share in the companies.

	Palfinger France S.A.S.		Sany Palfinger SPV Equipment Co., Ltd.[1]	
EUR thousand	Jan–Dec 2023	Jan–Dec 2024	Jan–Dec 2023	Jan–Dec 2024
Revenue	227,211	248,637	50,091	38,733
Total comprehensive income				
Profit (loss)	11,502	15,511	137	(1,035)
Other comprehensive income after income tax	-	-	(2,670)	1,696
	11,502	**15,511**	**(2,533)**	**662**

	Palfinger France S.A.S.		Sany Palfinger SPV Equipment Co., Ltd.[1]	
EUR thousand	12/31/2023	12/31/2024	12/31/2023	12/31/2024
Non-current assets	12,654	15,486	15,981	13,089
Current assets	141,471	153,155	56,688	52,052
Non-current liabilities	8,097	17,497	(79)	(24)
Current liabilities	86,710	83,842	32,853	24,004
Net assets	**59,318**	**67,302**	**39,895**	**41,161**

	Palfinger France S.A.S.		Sany Palfinger SPV Equipment Co., Ltd.[1]	
EUR thousand	2023	2024	2023	2024
Shares/voting rights	49%	49%	50%	50%
Carrying amount as of 1/1	**22,766**	**23,604**	**21,198**	**19,931**
Impairment loss	-	-	-	-
Share in the net result for the period	5,636	7,600	68	(210)
Foreign currency translation	-	-	(1,335)	848
Dividends	(4,798)	(4,144)	-	-
Reclassification	-	-	-	-
Carrying amount as at 12/31	**23,604**	**27,060**	**19,931**	**20,569**
thereof goodwill	-	-	-	-
thereof downstream sales	(4,547)	(4,766)	(20)	(13)
thereof pro–rata net assets	28,151	31,826	19,951	20,582

1) As at the balance sheet date, the company had cash and cash equivalents of EUR 13,165 thousand (previous year: EUR 10,182 thousand) and no financial liabilities, as well as depreciation and amortization of EUR 1,049 thousand (previous year: EUR 924 thousand), interest income of EUR 118 thousand (previous year: EUR 172 thousand) and a tax expense of EUR 94 thousand (previous year: EUR 105 thousand).

Palfinger France S.A.S. is a dealership for PALFINGER products in France. Sany Palfinger SPV Equipment Co., Ltd. is a manufacturing and distribution company in China.

The following table contains summarized financial information on associated companies and joint ventures reported at equity that are not material to the Group; the figures refer to PALFINGER's shares in the companies.

	Associated companies		Joint ventures	
EUR thousand	2023	2024	2023	2024
Carrying amounts of shares	11,190	12,146	7,637	11,528
Total comprehensive income				
Result after income tax	3,357	4,584	5,870	6,034
Other comprehensive income after income tax	-1,901	-1,603	-919	-2,143
	1,456	**2,981**	**4,951**	**3,891**

(34) Deferred tax assets and liabilities

EUR thousand	12/31/2023	12/31/2024
Non-current assets		
Intangible assets – different useful lives	1,223	2,238
Intangible assets – tax-deductible goodwill	556	64
Property, plant and equipment – different useful lives	1,050	979
Property, plant and equipment – IFRS 16 effect	75	65
Non-current financial assets – impairment losses on untaxed financial assets	12,007	6,280
Other non-current assets	9	7
	14,920	**9,633**
Current assets		
Inventories – elimination of intercompany profits, tax-related measurement differences in manufacturing costs	13,935	14,180
Trade receivables – tax-related measurement differences in impairment allowances	2,451	3,832
Other current assets – untaxed severance payments	404	502
	16,790	**18,515**
Non-current liabilities		
Non-current financial liabilities – Lease liabilities	4,235	4,418
Non-current provisions – different approaches provisions for employee IAS 19	7,407	7,361
Other non-current liabilities	43	208
	11,685	**11,987**
Current liabilities		
Current financial liabilities – essentially lease financing	8,858	8,832
Current provisions – essentially Warranty provisions recognized at different rates	2,536	3,166
Trade payables and other current liabilities	4,934	8,638
	16,328	**20,636**
Deferred tax assets	**59,723**	**60,771**

EUR thousand	12/31/2023	12/31/2024
Non-current assets		
Intangible assets – acquisitions, development costs	(26,225)	(29,273)
Property, plant and equipment – different useful lives	(8,809)	(8,254)
Property, plant and equipment – IFRS 16 effect	(12,302)	(12,219)
Non-current financial assets	(3,413)	(3,891)
	(50,749)	**(53,637)**
Current assets		
Inventories – tax-related measurement differences in manufacturing costs	(194)	(231)
Trade receivables – Contract manufacturing (POC)	(1,162)	(2,448)
Other current assets – tax-related measurement differences	(2,435)	(1,778)
	(3,791)	**(4,457)**
Non-current liabilities		
Non-current financial liabilities – Tax-related measurement differences	0	0
Non-current provisions	(759)	(793)
	(759)	**(793)**
Current liabilities		
Current financial liabilities	0	-
Current provisions – essentially Warranty provisions recognized at different rates	(573)	(588)
Trade payables and other current liabilities	(506)	(1,460)
	(1,079)	**(2,048)**
Deferred tax liabilities	**(56,378)**	**(60,936)**

EUR thousand	12/31/2023	12/31/2024
Deferred tax assets	59,723	60,771
Deferred tax liabilities	(56,378)	(60,936)
Valuation allowance (temporary differences)	(4,387)	(142)
Deferred tax assets on loss carry forwards	15,034	21,593
Deferred taxes	**13,992**	**21,286**
thereof deferred tax assets accounted for	20,030	33,048
thereof deferred tax liabilities accounted for	(6,038)	(11,762)

The Austrian corporate income tax law applicable in the past fiscal year 2024 provides for a statutory tax rate of 23 percent. Therefore, deferred taxes of domestic companies are measured at an overall tax rate of 23 percent as of December 31, 2024. The country-specific income tax rates applied to foreign companies range from 7.70 percent to 35.96 percent.

The temporary, mandatory exception from accounting for deferred taxes arising from the minimum taxation (Pillar II) is applied. It is recorded as current income tax when it arises.

The deferred tax expense and income reported in the consolidated statement of comprehensive income (income statement or other income) in accordance with IAS 12.81 g) ii) is calculated as follows:

EUR thousand	2023	2024
As at 1/1	14,816	13,992
Charged/Credited		
due to profit or loss	(2,458)	8,656
due to other result	1,631	(1,305)
directly in equity	3	(57)
Acquisition of subsidy	0	0
As at 12/31	**13,992**	**21,286**

The tax loss carry-forwards are composed as follows:

	Non-capitalized loss carry-forwards		Capitalized loss carry-forwards	
EUR thousand	12/31/2023	12/31/2024	12/31/2023	12/31/2024
One year	3,791	6,542	-	-
Two years	7,684	5,903	272	-
Three years	10,813	5,357	417	-
Four years	11,043	11,538	509	-
Five years	22,092	8,042	304	-
More than five years	33,661	33,523	-	7,742
Loss carry-forwards subject to expiry	**89,084**	**70,905**	**1,502**	**7,742**
Loss carry-forwards not subject to expiry	**141,400**	**178,086**	**60,565**	**82,448**
	230,484	**248,991**	**62,067**	**90,190**

In the Group, no related deferred tax assets of EUR 248,991 thousand (previous year: EUR 230,484 thousand) are recognized for tax loss carryforwards of EUR 59,598 thousand (previous year: EUR 56,356 thousand) because their effectiveness as a final tax relief in the context of mid-term planning is not yet sufficiently assured. Of this amount, non-capitalized deferred taxes mainly relate to the tax group in Austria with EUR 16,730 thousand (previous year: EUR 2,530 thousand), the tax group in the US in the amount of EUR 14,527 thousand (previous year: EUR 21,308 thousand), the companies included in the tax consolidation in Norway in the value of EUR 4,721 thousand (previous year: EUR 8,929 thousand) and the companies based in the Netherlands amounting of EUR 15,460 thousand (previous year: EUR 14,643 thousand). Substantial indications of sufficient taxable income as a result of losses in previous financial years cannot be proven with sufficient certainty as of the reporting date.

For temporary differences in the amount of EUR 820,450 thousand (previous year: EUR 735,241 thousand) from investments in subsidiaries and joint ventures, there are deferred tax liabilities as at December 31, 2024 amounting to EUR 143,839 thousand (previous year: EUR 129,161 thousand). In accordance with IAS 12.39, no deferred tax liabilities are recognized, because PALFINGER is able to control the timing and these temporary differences will not reverse in the foreseeable future.

The capitalization of deferred taxes amounting to EUR 14,297 thousand (previous year: EUR 115 thousand) on loss carry forwards and interest carry-forwards totalling EUR 62,382 thousand (previous year: EUR 409 thousand) is made in the amount of the taxable temporary differences that exist with respect to the same tax authority and the same taxable entity. The resulting future taxable income is expected to be offset against losses or interest carry-forwards. For all other capitalized deferred taxes on loss and interest carry-forwards, it is assumed based on the taxable results forecast by planning calculations that these loss and interest carry-forwards can be used before they expire.

For tax losses of EUR 27,807 thousand (previous year: EUR 61,656 thousand) and temporary differences, deferred taxes on temporary differences and tax loss carryforwards of 7,296 (previous year: 14,919) are capitalized without these being offset by deferred tax liabilities in the corresponding amount. After losses in the current financial year or in the previous year, the companies concerned expect positive taxable income in the future. PALFINGER assumes that the companies' future taxable income will probably be sufficient to be able to realize these deferred tax assets. Of this amount, deferred taxes of EUR 2,700 thousand (previous year: EUR 0 thousand) relate to carryforward losses for the US tax group, EUR 2,075 thousand (previous year: EUR 0 thousand) relate to the companies covered by the Norwegian tax consolidation and EUR 2,454 thousand (previous year: EUR 2,417 thousand) for carryforward losses in Brazil, since sufficient positive taxable income can be expected on the basis of planning calculations and taxable profits have already been achieved in previous taxation periods.

(35) Non-current financial assets

Non-current financial assets shown down as follows:

EUR thousand	**12/31/2023**	**12/31/2024**
Loans	2,234	2,905
Securities	2,329	1,818
Deposits at banks	33	-
Other shareholdings	176	174
Interest rate swaps from the CF hedge	533	-
Non-current financial assets	**5,304**	**4,897**

Securities consist of shares in investment funds and bonds for the legally obligatory security of provisions for personnel.

(36) Other non-current assets

The non-current assets are shown as follows:

EUR thousand	12/31/2023	12/31/2024
Reimbursement rights and other receivables	3,977	3,537
Accrued expenses	657	585
Miscellaneous other non-current assets	4	4
Other non-current assets	**4,639**	**4,126**

Reimbursement rates relate primarily to surrender rights for life insurance policies that do not meet the requirements for offsetting against pension provisions in accordance with IAS 19.

(37) Inventories

The inventories are composed as follows:

EUR thousand	12/31/2023	12/31/2024
Raw materials, consumables and supplies	244,948	253,412
Work in progress	210,479	201,952
Finished goods and merchandise	155,204	157,187
Prepayments	9,232	9,420
Inventories	**619,862**	**621,971**

Inventories amounting to EUR 408 thousand (previous year: EUR 614 thousand) are measured at net realizable value.

In the fiscal year 2024, impairment losses on inventories amounting to EUR 12,521 thousand (previous year: EUR 6,309 thousand) and reversals of impairment losses from inventories deemed obsolete amounting to EUR 1,053 thousand (previous year: EUR 1,888 thousand) were reported in cost of sales.

(38) Trade receivables and contract assets from customer contracts

The trade receivables are as follows:

EUR thousand	12/31/2023	12/31/2024
Receivables from contract manufacturing and rendering of services	17,246	22,685
Invoiced receivables	318,862	251,089
Trade receivables and contract assets from customer contracts	**336,108**	**273,774**

Since 2014, PALFINGER AG and selected Austrian and German subsidiaries of the PALFINGER Group have had a factoring agreement with an Austrian factor bank. This contract was extended in 2019 to include selected Spanish, Portuguese and Romanian subsidiaries and in 2022 to include the French subsidiary. In 2020, a factoring program similar to the one implemented in Europe was introduced in North America. Four companies in the US and one company in Canada are covered by the program. An Austrian banking group was appointed to implement the US program. Within the framework of the factoring agreement, trade receivables are sold monthly on a revolving basis up to a volume of EUR 110,000 thousand (previous year: EUR 110,000 thousand), or USD 50,000 thousand (previous year: USD 50,000 thousand), respectively. Receivables sold in connection with the factoring agreement as at balance sheet date December 31, 2024 amount to EUR 109,221 thousand (previous year: EUR 123,104 thousand). The receivables were not fully derecognized as not all opportunities and risks associated with the receivables sold were transferred or retained. The assessment of the risks resulting from the receivables sold is primarily based on the default risk and the late payment risk. PALFINGER continues to bear a risk from credit risk-related defaults up to a contractually defined amount. PALFINGER continues to recognize the trade receivables sold to the value of their continuing involvement EUR 2,820 thousand (previous year: EUR 3,165 thousand) and recognizes a corresponding associated liability reported as liabilities to banks EUR 2,820 thousand (previous year: EUR 3,165 thousand).

The recognition of the expected loss as an expense primarily reflects the effect on profit or loss for the reporting period.

Trade receivables include receivables in accordance with IFRS 15 amounting to EUR 250,921 thousand (previous year: EUR 318,173 thousand).

Trade receivables are generally due within 120 days, while contract assets from customer contracts usually have payment schedules with milestone payments. Receivables from contract manufacturing and rendering of services, which are subject to revenue recognition over time in accordance with IFRS 15, are reported separately in the balance sheet under the item "Contract assets from customer contracts" due to the provisions of IFRS 15.

PALFINGER uses the simplified approach according to IFRS 9 to measure expected credit losses. As a result, the credit losses expected over the duration are used for all trade receivables and contract assets.

For the purpose of measuring expected credit losses, trade receivables were aggregated on the basis of common risk characteristics and days overdue. Contract assets relate to work in progress that has not yet been invoiced and have essentially the same risk parameters as trade receivables. PALFINGER therefore assumes that the expected loss rates for trade receivables represent a reasonable approximation of the loss rates for contract assets.

The development of contract assets from customer contracts is shown below:

EUR thousand	2023	2024
As at 1/1	**36,250**	**17,342**
Addition due to PoC progress	52,153	70,574
Progress billings	(70,076)	(63,631)
Accumulated adjustment	-	(181)
Reclassified as held for sale	-	(805)
Foreign currency translation	(985)	(194)
As at 12/31	**17,342**	**23,105**
Recorded impairment	(96)	(420)
Contract assets incl. impairments	**17,246**	**22,685**

The risk from expected loss rates is accounted for with an allowance amounting to EUR 17,460 thousand (previous year: 17,812). The allowance primarily relates to trade receivables and contract assets from customer contracts. The development of the valuation allowance is shown below:

	Specific valuation allowances on receivables		General specific valuation allowances on receivables	
EUR thousand	**2023**	**2024**	**2023**	**2024**
As at 1/1	7,643	10,101	6,445	7,711
Allocation	4,210	2,414	4,834	4,130
Use	(1,057)	(344)	(154)	(439)
Reversal	(351)	(199)	(2,928)	(3,756)
Reclassification	(3)	117	3	(117)
Reclassification to IFRS 5	-	-	-	(1,656)
Foreign currency translation	(341)	(250)	(489)	(252)
As at 12/31	**10,101**	**11,839**	**7,711**	**5,621**

(39) Current financial assets

Current financial assets are as follows:

EUR thousand	**12/31/2023**	**12/31/2024**
Derivative financial instruments	5,716	1,085
Other financing receivables	87	39
Current financial assets	**5,803**	**1,124**

(40) Other current receivables and assets

Other current receivables and assets are as follows:

EUR thousand	12/31/2023	12/31/2024
Receivables relating to social security and other taxes	36,546	30,282
Other receivables	29,200	27,511
Accrued expenses and compensation payments	17,950	18,129
Receivables from entities reported at equity	101	82
Other current receivables and assets	**83,797**	**76,004**

Other receivables include receivables from the factor from the sale of trade receivables (see also Note (38) for further information) as well as receivables from public authorities.

(41) Cash and cash equivalents

Cash and cash equivalents are current financial resources and are as follows:

EUR thousand	12/31/2023	12/31/2024
Cash on hand	267	124
Deposits at banks	76,271	131,679
Cash and cash equivalents	**76,538**	**131,803**

As at December 31, 2024, there are restrictions on the disposal of cash and cash equivalents amounting to EUR 6.8 million (previous year: EUR 10.4 million).

(42) Share capital

The share capital is divided into 37,593,258 no-par value shares (previous year: 37,593,258); all shares issued have been fully paid.

The development of the shares in circulation is as follows:

Shares	2023	2024
As at 1/1	34,766,742	34,766,742
Addition of own shares	-	-
As at 12/31	**34,766,742**	**34,766,742**

(43) Share premium

The share premium relates to appropriated and unappropriated additional paid-in capital.

(44) Treasury Shares

As at December 31, 2024, the number of treasury shares amounted to 2,826,516 shares (previous year 2,826,516 shares).

The Executive Board was authorized by the Annual General Meeting on April 7, 2021 in accordance with Sec. 65 para. 1 sentence 8 as well as para. 1a and 1b of the Austrian Stock Corporation Act to acquire no-par value shares of the company representing up to 10 percent of the company's share capital for a period of 30 months from September 20, 2021, both through the stock exchange as well as off-exchange for a minimum consideration of EUR 10 per share and a maximum consideration of EUR 100 per share. The Executive Board of PALFINGER AG can decide to acquire shares on the stock exchange, but the Supervisory Board must be informed of this decision after it has been taken. Off-market acquisition of shares is subject to the prior approval of the Supervisory Board. In the case of an off-market acquisition of shares, this can also be executed with the exclusion of the right to sell on a pro rata basis. Trading in treasury shares is excluded as a purpose for acquiring shares. The authorization may be exercised in whole or in part or in several installments and in pursuit of several purposes by the company, by a subsidiary, or by third parties for the account of the company.

The Executive Board is authorized for a period of five years in accordance with Sec. 65 para. 1b of the Stock Corporation Act, with the consent of the Supervisory Board, to provide for the sale or use of treasury shares other than selling them on the stock exchange or by public offer, while applying the provisions relating to the exclusion of shareholders' subscription rights. The authorization may be exercised in whole or in part or in several installments and in pursuit of several purposes by the company, by a subsidiary, or by third parties for the account of the company.

(45) Currency translation reserve

The foreign currency translation of the consolidated companies, as well as that of the companies reported at equity is included in the reserve. The change in currency conversion reserve is broken down below according to currency:

EUR thousand	2023	2024
AED	(436)	819
BRL	2,527	(6,764)
NOK	877	(1,847)
CNY	(1,633)	956
RUB	(25,655)	(18,985)
SEK	84	(1,061)
USD	(4,650)	9,601
Other	(6,746)	1,680
Currency translation reserve	**(35,632)**	**(15,601)**

(46) Earnings per share

In accordance with IAS 33, earnings per share are calculated by dividing consolidated net result by the weighted average number of shares outstanding. The weighted average number of shares outstanding in fiscal year 2024 amounted to 34,766,742 shares (previous year: 34,766,742 shares).

Based on the consolidated net result of EUR 100,018 thousand (previous year: EUR 107,673 thousand), undiluted earnings per share amount to EUR 2.88 (previous year: EUR 3.10). The diluted earnings per share are the same as the undiluted earnings per share.

(47) Retained earnings

The following dividends were resolved and paid to PALFINGER AG's shareholders:

in TEUR	Total EUR thousand	Number of shares	Dividend per share
Dividend resolved for the fiscal year 2023 (Annual General Meeting of April 10, 2024)	36,505	34,766,742	1.05
Dividend resolved for the fiscal year 2022 (Annual General Meeting of March 30, 2023)	26,770	34,766,742	0.77

The net profit for 2024 reported in the annual financial statement of PALFINGER AG in accordance with the Austrian Commercial Code (UGB) is distributed as follows:

EUR thousand	
Net profit 2024 of PALFINGER AG	81,259
Retained profits brought forward from 2023	165,710
Total net profit	**246,969**
Proposed dividend (EUR 0.9 per share)	(31,290)
Remaining accumulated profit	**215,679**

The dividend to be proposed by the Executive Board and Supervisory Board to the Annual General Meeting on April 3, 2025 will be EUR 0.90 per share.

(48) Valuation reserve according to IFRS 9

As in the previous year, the valuation reserve according to IFRS 9 only includes reserves from cash flow hedges and gains and losses from the effective portion of cash flow hedges. The accumulated gain or loss on a hedging instrument allocated to the reserve is not transferred to the income statement until the hedged transaction affects profit or loss. The development of the cash flow hedging reserve is shown below (after tax):

EUR thousand	2023	2024
As at 1/1	**5,069**	**1,590**
Changes in unrealized profits (+)/losses (–)		
Interest rate swap contracts	5,475	315
Currency forward contracts	(10,594)	(1,589)
	(5,119)	**(1,274)**
Changes in realized gains (+)/losses (–)		
Interest rate swap contracts	(1,755)	(2,658)
Currency forward contracts	3,395	27
	1,640	**(2,631)**
Change	**(3,479)**	**(3,905)**
As at 12/31	**1,590**	**(2,315)**

(49) Non-controlling interests

The table below shows summarized financial information before intra-group eliminations for each subsidiary with material non-controlling interests:

12/31/2023

EUR thousand	Andrés N. Bertotto (Hidro-Grubert)	EPSILON Kran GmbH	Nimet Srl	PM Group
Net assets				
Non-current assets	1,832	22,531	53,273	26,654
Current assets	7,868	79,846	38,547	41,044
Non-current liabilities	14	870	1,646	1,982
Current liabilities	7,619	55,585	17,474	9,228
	2,067	**45,922**	**72,700**	**56,488**
Non-controlling interests				
Shares/voting rights	30%	35%	40%	25%
Carrying amount	325	17,653	28,663	12,731

12/31/2024

EUR thousand	Andrés N. Bertotto (Hidro-Grubert)	EPSILON Kran GmbH	Nimet Srl	PM Group
Net assets				
Non-current assets	3,700	21,964	63,581	30,623
Current assets	16,080	69,295	32,073	34,200
Non-current liabilities	11	952	1,290	1,522
Current liabilities	15,554	56,514	22,918	8,565
	4,215	**33,793**	**71,447**	**54,736**
Non-controlling interests				
Shares/voting rights	30%	35%	40%	25%
Carrying amount	971	12,373	28,161	12,513

Jan–Dec 2023

EUR thousand	Andrés N. Bertotto (Hidro-Grubert)	EPSILON Kran GmbH	Nimet Srl	PM Group
Cash flow				
Cash flows from operating activities	8,091	37,019	16,272	3,602
Cash flows from investing activities	(3,258)	(20,779)	(6,483)	(9,384)
Cash flows from financing activities	(517)	(16,240)	(9,477)	6,953
Non-controlling interests				
Profit/loss attributable	836	12,808	4,141	1,541
Share of other comprehensive income	(2,292)	2	(130)	(3,398)
Dividends	150	8,945	4,303	0

Jan–Dec 2024

EUR thousand	Andrés N. Bertotto (Hidro-Grubert)	EPSILON Kran GmbH	Nimet Srl	PM Group
Cash flow				
Cash flows from operating activities	1,401	28,570	10,986	5,035
Cash flows from investing activities	(2,303)	4,583	(11,111)	(13,652)
Cash flows from financing activities	(5)	(33,153)	(371)	55
Non-controlling interests				
Profit/loss attributable	767	7,443	818	2,061
Share of other comprehensive income	(120)	(4)	8	(2,279)
Dividends	0	12,719	1,328	0

The net worth of EPSILON Kran GmbH is limited to the extent that shares can only be transferred with the consent of the minority shareholder and the existing agreement regarding a linear maximum distribution in relation to the equity ratio can only be deviated from by mutual consent.

In the case of the PM group and the remaining non-significant non-controlling interests, distribution agreements also exist or distributions can only be resolved with the consent of the minority shareholders.

(50) Financial liabilities

EUR thousand	12/31/2023	Remaining durations
Promissory note loan	77,000	1 - 4 years
Promissory note loan ESG-linked	154,000	3 - 7 years
Equity financing and bilateral loans	51,930	2 - 5 years
ESG Financing (sustainability linked loan)	280,000	3 - 5 years
Lease liabilities	43,203	1 - 25 years
Other non-current financial liabilities	1,229	-
Non-current financial liabilities	**607,362**	

EUR thousand	12/31/2024	Remaining durations
Promissory note loan	48,000	1 - 3 years
Promissory note loan ESG-linked	314,000	2 - 6 years
Equity financing and bilateral loans	5,198	1 - 4 years
ESG Financing (sustainability linked loan)	280,000	2 - 4 years
Lease liabilities	42,098	1 - 25 years
Other non-current financial liabilities	2,737	-
Non-current financial liabilities	**692,033**	

EUR thousand	12/31/2023	12/31/2024
Promissory note loan	122,511	35,024
Equity financing and bilateral loans	2,819	50,943
Lease liabilities	13,708	15,409
Other current financial liabilities	9,152	6,661
Current financial liabilities	**148,190**	**108,037**

Deferred interest expenses are included in the current financial liabilities. The other current financial liabilities include the associated liability amounting to EUR 2,820 thousand (previous year: EUR 3,165 thousand) recognized to the cointinuing involvement and the liabilities arriving from the hedge accounting amounting to EUR 2,740 thousand (previous year: EUR 642 thousand).

For more information about the equity financing and bilateral loans please see p. 34.

The average interest rate represents the interest burden as at December 31, 2024 after taking into account interest rate hedges as a percentage in relation to the carrying amount of the financial liabilities as at December 31, 2024 and amounts to 3.76 percent (previous year: 3.85 percent).

(51) Purchase price liabilities from acquisitions

The development of purchase price liability from acquisitions is shown below:

EUR thousand	2023	2024
As at 1/1	14,238	1,759
Allocation	-	-
Release	(511)	(641)
Interest effect	280	126
Redemption	(12,451)	(60)
Disposal	(438)	-
Addition	641	-
As at 12/31	**1,759**	**1,184**

There are contingent considerations for the minority acquisition of Palfinger Portugal (Palfinger comércio e aluguer de máquinas, S.A.). The amount paid out is dependent on the unit's future earnings before interest and taxes of the entity and will be settled in 2025. The purchase price liability for Iberica of EUR 641 thousand was fully resolved in 2024. Additionally there is a deferred purchase price liability for Equipdraulic, which will be paid by 2026.

The carrying amount as at the reporting date for Equipdraulic is EUR 120 thousand (previous year: EUR 180 thousand). The carrying amount for the subsequent purchase price for Palfinger Iberica is EUR 0 thousand (previous year: EUR 641 thousand) and for Palfinger Portugal EUR 1,040 thousand (previous year: EUR 915 thousand).

For the Level 3 carrying amounts, the following valuation method and inputs were used to determine fair values:

Purchase price liabilities	**Valuation method**	**Inputs**
Minority acquisition at Palfinger Portugal	Discounted cash flow method	Risk-adjusted interest rate, results of corporate planning in EUR

Sensitivity analysis for significant inputs in determining fair values as at December 31, 2023 and 2024:

Change in fair value

		In the event of an increase		In the event of a decrease	
EUR thousand	Change in assumption	2023	2024	2023	2024
Interest rate	+/- 1 %	(12)	(5)	12	5
Forecasted EBIT	+/- 10%	-	-	-	-

(52) Non-current provisions

Non-current provisions are as follows:

EUR thousand	12/31/2023	12/31/2024
Pension provisions	7,872	7,574
Provisions for severance payments	25,324	26,380
Anniversary bonus provisions	8,627	9,607
Other non-current provisions	562	584
Non-current provisions	**42,384**	**44,146**

Pension provisions

On the basis of individual contractual provisions, PALFINGER is obligated to grant a retirement allowance to some employees from the date they retire. The amount of this pension is determined based on the length of service and the level of remuneration at the time of retirement.

The evaluation was based on the following parameters:

	Age of retirement		Interest rate (p.a.)		Pension increase (p.a.)	
	2023	2024	2023	2024	2023	2024
Germany	65-67 years	65-67 years	3.49% - 3.91%	2.81% - 3.28%	1.50% - 3.00%	1.50% - 3.00%
France	65 years	65 years	3.80%	3.25%	4.30%	2.8%
Austria	65 years	65 years	3.65% - 3.94%	3.10% - 3.33%	2024: 5.00% 2025+: 1.70%	1.7%

The change in the interest rate is based on reassessment due to the changed market conditions.

As at December 31, 2024, the average duration of the defined benefit obligations from pension commitments was 10.19 years (previous year: 10.49 years). For the fiscal year 2025, expected contributions to pension obligations amount to EUR 106 thousand (previous year: EUR 151 thousand).

The calculation of the pension provisions as at December 31, 2024 is based on actuarial principles in accordance with the calculation rules of IAS 19. The obligation is measured using the projected unit credit method.

The calculated retirement age in Austria is based on the earliest possible age for retirement according to the 2004 pension reform (Austrian Budget Accompanying Act 2003 - BBG 2003), taking into account the transitional regulations. In the case of female beneficiaries, the calculated retirement age is gradually increased in accordance with the "Federal Constitutional Law on Different Age Limits for Male and Female Social Security Recipients". The calculation is based on the calculation principles for pension insurance AVÖ-2018-P for salaried employees.

The mathematical retirement age in Germany is based on the earliest possible retirement age under German statutory pension insurance; the 2018 G mortality tables are applied.

Because the pension obligations are adjusted to the consumer price index, the pension plans are exposed to the risk of inflation. In addition, there are interest rate risks and risks due to changes in life expectancy for retirees. The pension obligations are partly covered by reinsurance policies, which means that there is a low counterparty risk for insurance companies.

Provisions for severance payments

Severance payments are one-time settlements that must be paid to employees on termination of employment, or on a regular basis when employees retire. The amount depends on the number of years of service and the level of remuneration. Provisions for severance payments are calculated using actuarial principles.

The evaluation is based on the following parameters:

	Interest rate (p.a.)		expected rates of salary increases (p.a.)		Staff turnover allowance (p.a.)	
	2023	**2024**	**2023**	**2024**	**2023**	**2024**
Austria	3.65% - 3.88%	3.04% - 3.28%	2024: 5.00%; 2025+: 3.00%	3.00%	0.27% to 0.60% (based on length of service)	0.26% to 0.70% (based on length of service)
Slovenia	3.91%	3.31%	2024: 5.00%; 2025+: 3.00%	3.00%	2.00%	2.00%
Bulgaria	3.54% - 3.97%	2.97% - 3.37%	2024: 5.00% - 7.80%; 2025+: 5.00%	2025: 4.00% - 5.00%; 2026+: 3.00% - 5.00%	2.00% to 18.00% (age-related)	2.00% to 18.00% (age-related)
UAE and Qatar	4.60% - 5.40%	5.20%	2.00% - 3.00%	3.00%	5.00% to 10.00% (based on length of service)	5.00% to 10.00% (based on length of service)

The change in the interest rate is based on reassessment due to the changed market conditions.

As at December 31, 2024, the average duration of the defined benefit obligations from severance payments was 9.99 years (previous year: 10.16 years). For the fiscal year 2024, expected contributions to severance payments amount to EUR 1,182 thousand (previous year: EUR 1,219 thousand).

Employees whose employment status is governed by Austrian law and began before January 1, 2003 are entitled to a severance payment under the following conditions: if employment status has lasted for an uninterrupted period of three years, in the event of termination by the employer and in the event of early resignation for good cause; and in the event of termination of employment upon reaching the statutory retirement age, providing employment lasted for an uninterrupted period of at least ten years. The amount of the severance payment depends on the amount of the remuneration at the time of termination and the length of service.

For employees in Austria whose employment commenced on or after January 1, 2003, this obligation has been replaced by a contribution-based system. Payments are made to the external employee pension fund, are reported as expenses and amount to 1.53 per cent of remuneration.

The pension provisions and severance payments are shown below:

	Pensions		Severance payments	
EUR thousand	**12/31/2023**	**12/31/2024**	**12/31/2023**	**12/31/2024**
Net present value of the obligation	8,674	8,371	25,324	26,380
Fair value of plan assets	(802)	(797)	-	-
Provision	**7,872**	**7,574**	**25,324**	**26,380**

	Pensions		Severance payments	
EUR thousand	2023	2024	2023	2024
Net present value of the obligation as at 1/1	8,897	8,674	26,848	25,324
Service cost	143	224	1,392	1,819
Interest expenses	270	307	778	948
Gains (–)/losses (+) from re-measurements	(158)	(361)	135	1,212
Effective payments	(452)	(472)	(3,597)	(2,635)
Settlements	(20)	4	(177)	(17)
Reclassified as held for sale	-	-	-	(349)
Foreign currency translation	(6)	(5)	(55)	78
Net present value of the obligation as at 12/31	**8,674**	**8,371**	**25,324**	**26,380**

Plan assets consist of a pension fund at a reputable insurance company.

EUR thousand	2023	2024
Fair value of plan assets as at 1/1	802	802
Expected return on plan assets	22	26
Gains (+)/losses (–) from re-measurements	(14)	(26)
Foreign currency translation	(8)	(5)
Fair value of plan assets as at 12/31	**802**	**797**

The actual sum amounted to EUR 0 thousand (previous year: EUR 8 thousand).

Net cost for pensions and severance payment commitments are shown as follows:

	Pensions		Severance payments	
EUR thousand	Jan-Dec 2023	Jan-Dec 2024	Jan-Dec 2023	Jan-Dec 2024
Employee expenses				
Service cost	(143)	(224)	(1,392)	(1,819)
Interest expenses				
Interest expenses	(248)	(281)	(778)	(948)
Net expenses	**(391)**	**(505)**	**(2,170)**	**(2,767)**

Re-measurements are shown as follows:

	Pensions		Severance payments	
EUR thousand	Jan-Dec 2023	Jan-Dec 2024	Jan-Dec 2023	Jan-Dec 2024
Experience adjustments	4	(123)	897	(183)
Changes in demographic assumptions	-	-	124	46
Changes in financial assumptions	(162)	(238)	(886)	1,349
Return on plan assets	14	27	-	-
Gains (–)/losses (+) from re-measurements	**(144)**	**(334)**	**135**	**1,212**

Realistic changes in the following actuarial parameters, which are deemed to be essential for calculating pension costs and the expected defined benefit claims as at the reporting date with all other parameters remaining constant, would give rise to the following change in the net present value of the obligation:

Change in the net present value of the obligation

				Pensions				Severance payments
		+1%		-1%		+1%		-1%
EUR thousand	2023	2024	2023	2024	2023	2024	2023	2024
Interest rate	(804)	(782)	951	827	(2,272)	(2,319)	2,639	2,682
Pension increase/salary increase	885	774	(768)	(755)	2,536	2,560	(2,228)	(2,259)

ANNIVERSARY BONUS PROVISIONS

Provisions for anniversary bonuses derived from collective bargaining arrangements and/or works agreements are calculated using the same parameters as for the provision for severance payments.

Changes in anniversary bonus provisions are shown below:

EUR thousand	2023	2024
As at 1/1	7,879	8,627
Allocation	933	1,144
Interest effect	232	301
Use	(417)	(465)
As at 12/31	**8,627**	**9,607**

OTHER NON-CURRENT PROVISIONS

The development of other non-current provisions is shown below:

EUR thousand	2023	2024
As at 1/1	531	562
Allocation	366	301
Interest effect	17	-
Usage	(235)	(281)
Reversal	(93)	-
Reclassification	-	-
Foreign currency translation	(24)	2
As at 12/31	**562**	**584**

(53) Other non-current liabilities

Other non-current liabilities relate primarily to liabilities to employees and deferred income.

(54) Current provisions

The development of current provisions is shown below:

	Provision for guarantee and warranty expenses		Other current provisions	
EUR thousand	**2023**	**2024**	**2023**	**2024**
As at 1/1	20,907	27,770	13,691	16,630
Allocation	12,051	5,624	20,637	20,012
Usage	(5,293)	(5,885)	(16,613)	(18,386)
Reversal	-	(13)	(955)	(84)
Foreign currency translation	105	247	(130)	129
As at 12/31	**27,770**	**27,743**	**16,630**	**18,301**

The other non-current provisions include provisions for personnel amounting EUR 3,290 thousand (previous year: EUR 1,722 thousand). These mainly consists of obligations for medical care for employees in the US and short-term severance claims.

In addition, other current provisions include provisions for anticipated losses from customer contracts in the amount of EUR 3,920 thousand (previous year: EUR 6,577 thousand).

(55) Trade payables and other current liabilities

The trade payables and other current liabilities are broken down as follows:

EUR thousand	12/31/2023	12/31/2024
Trade payables	240,999	210,173
Liabilities to entities reported at equity	909	2,231
Liabilities to employees	75,585	68,289
Liabilities relating to social security and other taxes	40,847	37,834
Other liabilities	47,521	69,367
Trade payables and other current liabilities	**405,862**	**387,894**

The liabilities to employees amounting to EUR 68,289 thousand (previous year: EUR 75,585 thousand) include accruals for unused vacation, performance bonuses and flexi-time credit as well as liabilities from wage and salary expenses.

Other liabilities amounting to EUR 69,367 thousand (previous year: EUR 47,521 thousand) relate to customers with credit balances, liabilities to the factor arising from incoming payments for trade receivables sold (see also Note (38)) and other miscellaneous liabilities.

Reversed Factoring

In fiscal year 2017, PALFINGER initiated a reverse factoring programme in collaboration with individual suppliers with a view to financing their receivables from PALFINGER. Suppliers have the option to direct contracting banks to release receivables in advance.

PALFINGER has agreed to the following terms:

- Standard Model: The Standard Model allows the supplier to receive payment of the invoice from the bank, less a discount, following approval by PALFINGER before the due date. After PALFINGER approves the invoice, the bank will immediately inform the supplier and offer early payment.
- Discount Model: The Discount Model involves the bank paying the supplier less a cash discount. The cost of the discount is borne by PALFINGER.

In such agreements, PALFINGER is not released from its initial obligation and the terms of the contract are not significantly modified as a result of quantitative and qualitative assessments. Therefore, the amount stated in the consolidated balance sheet has not been changed. The liability continues to be reported under trade payables as well as in cash flows from operating activities. As at December 31, 2024 the programme was used for trade payables amounting to EUR 36,671 thousand (previous year: EUR 45,989 thousand).

The book values are shown in the following table:

EUR thousand	**31.12.2024**
Reported under trade liabilities and other liabilities	36,671
thereof suppliers have received as payment	30,080
Reported under financial liabilitites	0
thereof suppliers have received as payment	0

The ranges of the maturities are as follows:

	2024
Liabilities that are part of the agreement	90 to 120 days
Comparable trade liabilities that are not part of an agreement	30 to 180 days

In the reporting period of the initial application of the amendments to supplier financing arrangements, the relief was utilized (amendments to IAS 7 and IFRS 7), with comparative periods not being presented.

(56) Contract liabilities from customer contracts

Contract liabilities from customer contracts include advanced payments received on orders and deferred revenue. The change in contract liabilities from customer contracts is shown below:

EUR thousand	**2023**	**2024**
As at 1/1	55,006	70,174
Addition	47,146	61,119
Recognized as revenue	(24,144)	(54,901)
Reclassified as held for sale	-	(134)
Accumulated adjustment	(1,491)	-
Foreign currency translation	(6,343)	(2,486)
As at 12/31	**70,174**	**73,772**

(57) Financial instruments

The reconciliation of the carrying amounts for each category according to IFRS 9 is shown below:

EUR thousand	Carrying amount 12/31/2023	No financial instrument/ recognition according to IFRS 10	Measured according to IFRS 16
Non-current assets			
Non-current financial assets	5,304	-	-
thereof Level 1 fair value			
thereof Level 2 fair value			
Current assets			
Trade receivables	318,862	-	-
thereof Level 3 fair value			
Contract assets from customer contracts	17,246	17,246	-
Current financial assets	5,803	-	-
thereof Level 2 fair value			
Other current receivables and assets	83,797	54,894	-
Cash and cash equivalents	76,538	-	
Assets	**507,549**	**72,140**	**-**
Non-current liabilities			
Liabilities from redeemable non-controlling interests	**-**	**-**	**-**
Non-current financial liabilities	564,159	-	
thereof Level 2 fair value			
Non-current purchase price liabilities from acquisitions	938	-	-
thereof Level 3 fair value			
Other non-current liabilities	520	520	-
Non-current leasing liabilities	43,203		43,203
Non-current contract liabilities from customer contracts	4,046	4,046	
Current liabilities			
Current financial liabilities	134,482	-	
thereof Level 2 fair value			
Current purchase price liabilities from acquisitions	821	-	-
thereof Level 3 fair value			
Trade payables and other current liabilities	405,862	116,433	-
Current lease liabilities	13,708		13,708
Current contract liabilities from customer contracts	66,127	66,127	
Liabilities	**1,233,866**	**187,126**	**56,911**

				Measured according to IFRS 9	
		At amortized cost		At fair value	
			Recognized in other comprehensive income	Recognized in profit or loss	
	Financial asset at amortized cost	Financial liabilities at amortized cost	Hedging Derivatives/ Fair value OCI	At fair value through profit or loss/ Other derivatives	Carrying amount of financial instruments 12/31/2023
	2,267		533	2,504	5,304
			-	2,329	
			533	176	
	134,217		184,645	-	318,862
			184,645		
	-		-	-	-
	86		2,703	3,014	5,803
			2,703	3,014	
	28,903		-	-	28,903
	76,538		-	-	76,538
	242,010		**187,881**	**5,518**	**435,409**
	-	**-**	**-**	**-**	-
	-	564,159	-	-	564,159
			-		
	-	24	-	914	938
				914	
	-	-	-	-	-
					43,203
	-	133,840	-	642	134,482
			-	642	
	-	821	-	-	821
				-	-
	-	289,429	-	-	289,429
					13,708
	-	**988,273**	**0**	**1,556**	**1,046,739**

EUR thousand	Carrying amount 12/31/2024	No financial instrument/ recognition according to IFRS 10	Measured according to IFRS 16
Non-current assets			
Non-current financial assets	4,897	-	-
thereof Level 1 fair value			
thereof Level 2 fair value			
Current assets			
Trade receivables	251,089	-	-
thereof Level 3 fair value			-
Contract assets from customer contracts	22,685	22,685	-
Current financial assets	1,124	-	-
thereof Level 2 fair value			
Other current receivables and assets	76,004	48,815	-
Cash and cash equivalents	131,803	-	
Assets	**487,602**	**71,500**	**-**
Non-current liabilities			
Liabilities from redeemable non-controlling interests	**-**	**-**	**-**
Non-current financial liabilities	649,935	-	
thereof Level 2 fair value			
Non-current purchase price liabilities from acquisitions	24	-	-
thereof Level 3 fair value			
Other non-current liabilities	342	322	-
Non-current leasing liabilities	42,098		42,098
Non-current contract liabilities from customer contracts	4,641	4,641	-
Current liabilities			
Current financial liabilities	92,627	-	
thereof Level 2 fair value			
Current purchase price liabilities from acquisitions	1,160	-	-
thereof Level 3 fair value	-	-	-
Trade payables and other current liabilities	387,894	106,123	-
Current lease liabilities	15,409		15,409
Current contract liabilities from customer contracts	69,130	69,130	
Liabilities	**1,263,260**	**180,216**	**57,507**

The fair value of currency forwards is determined by calculating the present value of cash flows based on current yield curves for the respective currencies, using observable market data and current exchange rates on the valuation date. In the case of interest rate swaps, the fair value is determined by calculating the present value of the cash flows based on current yield curves for the respective currencies, also using observable market data. Securities are valued at the current exchange rate on the valuation date. The fair value of the trade receivables is determined by assessing the probability of default and the potential level of default of these current assets.

		Measured according to IFRS 9		
	At amortized cost		At fair value	
		Recognized in other comprehensive income	Recognized in profit or loss	
Financial asset at amortized cost	**Financial liabilities at amortized cost**	**Hedging Derivatives/ Fair value OCI**	**At fair value through profit or loss/ Other derivatives**	**Carrying amount of financial instruments 12/31/2024**
2,905		-	1,991	4,897
		-	1,818	
		-	174	
126,447		124,642	-	251,089
-		124,642	-	
-		-	-	-
38		986	100	1,124
		986	100	
27,189		-	-	27,189
131,803		-	-	131,803
288,382		**125,628**	**2,091**	**416,102**
-	**-**	**-**	**-**	-
-	647,900	2,035	-	649,935
		2,035		
-	24	-	-	24
			-	
-	20	-	-	20
				42,098
-	-	-	-	-
-	89,887	756	1,984	92,627
		756	1,984	
-	120	-	1,040	1,160
-	-	-	1,040	1,040
-	281,771	-	-	281,771
				15,409
-	**1,019,722**	**2,791**	**3,024**	**1,083,044**

Significant risks of non-performance for financial assets and liabilities are taken into account in the form of a discount from the calculated value, which is based on ratings. The book value of current assets and liabilities, which are measured in the balance sheet at amortized cost, corresponds to the market value, as these are either due in the short term or have variable interest rates. Default risks are accounted for by appropriate valuation allowances. The book value of the non-current financial liabilities amounting 649,935 (previous year: 564,159) is also approximately equivalent to the market value (level 2) of 651,785 (previous year: 562,204).

Income from the disposal of securities in the fiscal year 2024 amounted to EUR 74 thousand (previous year: EUR 19 thousand) and is reported as other financial result (see Note (27) net interest income and other financial result).

The development of Level 3 fair values is shown below:

EUR thousand	2023	2024
As at 1/1	13,236	915
Additions	-	-
Accrued interest	280	126
Redemption	(12,091)	-
Decrease through profit and loss	(511)	-
Increase through profit and loss	-	-
As at 12/31	**915**	**1,040**

Result in the income statement

EUR thousand	Jan-Dec 2023	Jan-Dec 2024
Other interest expenses	(45)	(126)
Other operating expenses/income	-	-
Unrealized gain/loss for financial instruments held on the balance sheet date	**(45)**	**(126)**

As at December 31, 2024, the Level 3 fair values consist of the liability related to the contingent purchase price liability from the minority acquisition at Palfinger Portugal, see also Note (51) Purchase price liabilities from company acquisitions.

Capital management

The objective of PALFINGER's capital management is to ensure financial flexibility, scope for value-enhancing investments, and retention of sound balance sheet ratios. A strong equity structure secures the trust of investors, lenders and the market and provides a solid basis for positive business development.

PALFINGER's net debt is managed centrally in coordination with the Corporate Treasury department. The main tasks of the Corporate Treasury department include liquidity management and securing long-term liquidity in support of business operations, efficient use of banking and financial services, and limiting financial risks while at the same time optimizing income and costs.

PALFINGER manages its capital structure taking into account changes in the economic environment, fixed strategic projects while maintaining a top-tier credit rating. For long-term guidance, an equity ratio of more than 40 percent and a gearing ratio (the ratio of net debt to equity) of less than 70 percent are regarded as benchmarks. At the end of 2024 the equity ratio was 35.28 percent (previous year: 34.72 percent). The gearing ratio was 87.96 percent due to the increased group equity and the slightly decreased net financial debt (previous year: 93.37 percent). Net financial debt decreased to EUR 662,419 thousand (previous year: EUR 668,083 thousand) due to improvements in working capital and comprises non-current and current financial assets and cash and cash equivalents as well as non-current and current financial liabilities (including leases in accordance with IFRS 16). Equity corresponds to the equity reported in accordance with IFRS amounting to EUR 753,067 thousand (previous year: EUR 715,517 thousand).

In order to maintain capital structure, a steady dividend policy is pursued based on the consolidated net result of the previous year. In accordance with PALFINGER's long-term dividend policy of distributing around one third of net profit to its shareholders, a dividend of EUR 0.90 (previous year: EUR 1.05) per share was proposed for fiscal year 2024.

Financial risks

In accordance with PALFINGER's Corporate Treasury guidelines, the main focus is on limiting financial risks. Due to the increased internationalization of the PALFINGER Group, the concentration of risks within the Group has been reduced. All the relevant parameters are periodically monitored and actively managed. PALFINGER's operations involve interest rate and currency risks as well as financing risk. In addition to operational measures, derivative financial instruments such as currency forwards and interest rate and currency swaps are used to limit and manage these risks. No derivative financial instruments are employed for speculative purposes. Each of the risks is discussed in detail below.

1. LIQUIDITY RISK

Liquidity risk describes the necessity of having sufficient funds available at all times in order to meet payment obligations and to ensure further growth of the business. The objective therefore lies in analyzing exposure to liquidity risk as well as consistently safeguarding liquidity – supported by a monthly updated liquidity plan –, arranging sufficient lines of credit, and the sufficient diversification of lenders.

Managing liquidity risk is the core task of Corporate Treasury, which uses efficient cash management systems for this purpose. Company-wide cash reporting ensures the transparency necessary to facilitate the systematic management of financial resources. Medium-to-long-term planning allows PALFINGER to identify any financial need that may arise and coordinate this with its banking partners. Efficient management and distribution of the required liquidity are ensured thanks to the Group's internal financing structure and the use of cash pooling solutions in Europe and America.

The existing promissory note loan contracts and credit arrangements contain contractual agreements stipulating the observance of financial covenants that provide for compliance with a consolidated equity ratio of at least 25 percent in accordance with IFRS. Noncompliance with this financial covenant entitles the lender to terminate the particular financing agreement. At the end of 2024, equity ratio was 35.28 percent (previous year: 34.72 percent) and therefore far above the externally stipulated threshold value. Compliance with the covenant is reviewed annually as of December, 31. The carrying amount of the loans affected by the covenants as of the reporting date is EUR 716 million.

To refinance maturing loans and finance the increased working capital requirements, a promissory note loan totaling EUR 160 million was issued in 2024. The tranches with a residual term of 5 and 7 years on average have 2 sustainability KPI's (KPI 1: Reduction of CO^2 greenhouse gas emissions in relation to revenues, KPI 2: Reduction of the annual accident rate measured as Total Recordable Injury Rate). Target values have been defined for both KPI's, with under or overachievement resulting in a condition adjustment of +/- 0.025 percent when the target is measured annually.

An additional action to ensure liquidity is the maintenance of long-term undrawn credit lines at banking partners. The existing financing agreements are distributed across several core banking partners and currently have terms of greater than one year.

The contractual remaining term to maturity of undiscounted cash flows are as follows:

2023

EUR thousand	< 1 year	1–5 years	> 5 years	12/31/ 2023
Trade payables and other liabilities				
Trade payables	241,740	-	-	241,740
Other liabilities for financial instruments	47,690	-	-	47,690
	289,430	**-**	**-**	**289,430**
Financial liabilities	165,389	572,635	70,957	808,981
Lease liabilities	13,984	30,364	26,188	70,536
Liabilities from cash flow hedges	97	-	-	97
Liabilities from derivatives held for trading	922	-	-	922
Purchase price liabilities from acquisitions	724	1,220	-	1,944
Undiscounted cash flows	**470,546**	**604,219**	**97,145**	**1,171,910**

2024

EUR thousand	< 1 year	1–5 years	> 5 years	12/31/ 2024
Trade payables and other liabilities				
Trade payables	211,535	-	-	211,535
Other liabilities for financial instruments	70,236	-	-	70,236
	281,771	**-**	**-**	**281,771**
Financial liabilities	119,282	601,762	120,821	841,866
Lease liabilities	15,746	31,058	24,860	71,665
Liabilities from cash flow hedges	1,073	357	73	1,503
Liabilities from derivatives held for trading	3,463	-	-	3,463
Purchase price liabilities from acquisitions	1,184	60	-	1,244
Undiscounted cash flows	**422,520**	**633,237**	**145,754**	**1,201,512**

2. CREDIT RISK

Credit risk refers to the risk of default or non-payment by contractual partners. The Group counters this risk by establishing internal limits for contractual partners - determined through solvency analyses – and taking out adequate insurance. Credit risk is limited to the amounts of the uninsured receivables reported in the balance sheet.

All overdue receivables are written down using standardized flat rates for specific valuation allowances on receivables. For the purpose of measuring expected credit losses, trade receivables and contract assets were aggregated on the basis of common credit risk characteristics and days overdue.

Trade receivables are derecognized when they are no longer reasonably expected to be realized.

Under a factoring agreement, trade receivables are sold monthly on a revolving basis up to a maximum volume of EUR 110,000 thousand and USD 50,000 thousand (see comments in Note (38) for more information).

The values of trade receivables and contract assets are shown below:

EUR thousand	Carrying amount	Gross carrying amount	Allowance	12/31/2023 expected loss rates
Receivables not yet due	**214,888**	**217,914**	**3,024**	**1%**
Receivables due				
Overdue less than 30 days	61,685	62,520	835	1%
Overdue more than 30 days but less than 60 days	18,395	18,814	419	2%
Overdue more than 60 days but less than 90 days	13,731	14,031	301	2%
Overdue more than 90 days but less than 120 days	5,237	5,497	261	5%
Overdue more than 120 days	22,172	34,364	12,192	35%
	121,220	**135,226**	**14,008**	
Trade receivables and contract assets	**336,108**	**353,140**	**17,032**	

EUR thousand	Carrying amount	Gross carrying amount	Allowance	12/31/2024 expected loss rates
Receivables not yet due	**186,191**	**188,716**	**2,525**	**1%**
Receivables due				
Overdue less than 30 days	47,232	47,926	694	1%
Overdue more than 30 days but less than 60 days	16,265	16,551	285	2%
Overdue more than 60 days but less than 90 days	7,921	8,402	480	6%
Overdue more than 90 days but less than 120 days	4,486	4,887	401	8%
Overdue more than 120 days	11,679	24,059	12,380	51%
	87,584	**101,824**	**14,240**	
Trade receivables and contract assets	**273,774**	**290,539**	**16,765**	

The remaining allowances relate to other receivables.

Cash holdings are used to reduce financial debt and are only invested short-term with banks of good credit rating in exceptional cases. Due to the high liquidity inflow in December, EUR 60 million were invested short-term in the money market over the year-end. Credit risk is limited in the amounts reported in the balance sheet.

3. FOREIGN CURRENCY RISK

Foreign currency risk arises as a result of exchange rate fluctuations. The value of a financial instrument may be affected by changes in the exchange rate.

Internationalization of the Group leads to payment transactions in various currencies. Surpluses in foreign exchange positions are minimized by adding value at local level (natural hedge). Any resulting material foreign exchange exposure is hedged by means of appropriate hedging instruments. Some foreign currency cash flows from ongoing operations are hedged using currency forwards (cash flow hedges).

The Group’s internal supply of finished products and components in countries with currencies other than the euro creates a risk that is not covered by natural hedges. This aspect is continuously analyzed to provide a basis for establishing a hedging strategy that is evaluated in regular meetings.

Financial transactions may only be entered into if they are based on appropriate underlying transactions. Speculative transactions (i.e. transactions unrelated to cash flows from operations) are prohibited.

Foreign exchange differences at financial statement level are reported in EBIT and/or the net financial result, depending on their origin.

Foreign exchange differences have the following effects on the income statement:

EUR thousand	Jan–Dec 2023	Jan–Dec 2024
Foreign currency gains	18,177	13,529
Foreign currency losses	(22,971)	(13,324)
Exchange rate differences in the result from entities reported at equity	(4,151)	(1,896)
Profit (loss) from operating activities	**(8,945)**	**(1,691)**
Exchange rate differences in the net financial result	(3,997)	(2,924)
Result from exchange rate differences	**(12,942)**	**(4,615)**

SENSITIVITY ANALYSIS CURRENCY RISK:

Transactions that are carried out in a currency other than the respective functional currency may have an effect on foreign currency risks. In the case of fair value and cash flow hedges, changes in the value of the underlying transaction and hedging transaction caused by changes in the exchange rate are nearly entirely balanced out in the same period in the income statement. Accordingly, these financial instruments are not associated with currency risks having the potential to affect net income or equity.

The effects of a hypothetical foreign exchange movement on net income or equity are described within the framework of a sensitivity analysis. This analysis assumes that the major exchange rates increase or decrease by 10 percent against the euro on the balance sheet date with all other variables remaining constant. The table below shows the effects of a 10 percent appreciation or depreciation of the most important currencies against the euro:

12/31/2023		+10%			(10%)	
EUR thousand	recognized in profit or loss	recognized directly in equity	Total effect	recognized in profit or loss	recognized directly in equity	Total effect
AED	(32)	-	(32)	39	-	39
ARS	1	-	1	(1)	-	(1)
AUD	1	-	1	(1)	-	(1)
BRL	(330)	(792)	(1,122)	404	968	1,371
CAD	(426)	-	(426)	521	-	521
CNY	901	-	901	(1,101)	-	(1,101)
CZK	36	-	36	(43)	-	(43)
DKK	(350)	-	(350)	427	-	427
GBP	(183)	(209)	(392)	224	256	481
HKD	(4)	-	(4)	4	-	4
INR	(127)	-	(127)	156	-	156
JPY	55	-	55	(67)	-	(67)
KRW	0	(32)	(32)	-	39	38
VND	43	-	43	(52)	-	(52)
NOK	415	(1,343)	(928)	(507)	1,641	1,135
PLN	242	-	242	(296)	-	(296)
RON	-	-	-	-	-	-
RUB	(252)	-	(252)	308	-	308
SEK	(1)	-	(1)	1	-	1
SGD	(156)	71	(85)	190	(87)	104
USD	(4,527)	(2,413)	(6,940)	5,533	2,949	8,481
Foreign currency sensitivities	**(4,694)**	**(4,718)**	**(9,412)**	**5,739**	**5,766**	**11,505**

12/31/2024 EUR thousand	**recognized in profit or loss**	**+10% recognized directly in equity**	**Total effect**	**recognized in profit or loss**	**(10%) recognized directly in equity**	**Total effect**
AED	30	-	30	(37)	-	(37)
ARS	(1)	-	(1)	1	-	1
AUD	(19)	-	(19)	23	-	23
BRL	112	(451)	(339)	(136)	551	415
CAD	(231)	-	(231)	282	-	282
CNY	378	(173)	205	(462)	211	(251)
CZK	43	-	43	(52)	-	(52)
DKK	(303)	-	(303)	371	-	371
GBP	(167)	-	(167)	204	-	204
HKD	(2)	-	(2)	2	-	2
INR	(119)	-	(119)	146	-	146
JPY	29	-	29	(35)	-	(35)
KRW	-	(31)	(31)	-	38	38
VND	28	-	28	(34)	-	(34)
NOK	(136)	(950)	(1,086)	166	1,162	1,328
PLN	34	-	34	(42)	-	(42)
RON	-	-	-	-	-	-
RUB	(340)	-	(340)	416	-	416
SEK	29	-	29	(35)	-	(35)
SGD	(153)	-	(153)	187	-	187
USD	(3,843)	(3,544)	(7,387)	4,696	4,331	9,027
Foreign currency sensitivities	**(4,631)**	**(5,149)**	**(9,780)**	**5,661**	**6,293**	**11,954**

The calculation is made on the basis of the primary and derivative financial instruments denominated in non-functional foreign currencies on the balance sheet date before taxes. Foreign currency effects from intra-group accounts receivable and payable are reported in profit or loss, while any effects from non-current intra-group receivables that are a part of the net investment in foreign operations (IAS 21.15) as well as any changes in the cash flow hedging reserve are recognized directly in equity. Foreign currency translation effects caused by the translation of the financial statements of international subsidiaries into the Group currency, i.e. the euro, are not taken into account.

4. INTEREST RATE RISK

Fluctuating interest rates have an influence on the value of financial instruments (in particular when interest rates are locked in for a longer term) as well as on net interest (income or expenses) resulting from these financial instruments. This influence describes interest rate risk in its two forms: fair value risk and net interest risk.

Fair value risk has the effect of a devaluation financial assets or an appreciation of financial liabilities. Changes in value have a more pronounced effect when interest rates are locked in for long periods of time than with variable interest.

Net interest risk has the effect of higher interest expenses for financial liabilities and lower interest income on financial assets. This risk mainly relates to financial instruments for which variable (short-term) interest rates have been agreed.

Variable-rate financing is hedged with interest rate swaps amounting to EUR 235.0 million
(previous year: EUR 155.0 million).

The sensitivity analysis is carried out based on PALFINGER’s financial liabilities bearing interest at variable rates. A hypothetical change in variable interest rates of 100 basis points or one percentage point per year would lead to a change in PALFINGER’s interest expenses of EUR 2.5 million (previous year: EUR 3.1 million). A hypothetical increase in interest rates of 100 basis points would lead to an increase in other comprehensive income of EUR 5,634 thousand (previous year: EUR 6,824 thousand), whereas a decrease of 100 basis points would lead to a decrease in other comprehensive income of EUR 7,523 thousand (previous year: EUR 2,407 thousand).

Protective actions

HEDGING OF FUTURE CASH FLOWS

PALFINGER AG's currency risks result primarily from accounts receivable from Group companies and accounts payable to Group companies denominated in foreign currencies as well as from the international project business. Most of this exposure is reduced by means of intra-group foreign currency netting or is hedged with currency forwards and currency swaps. PALFINGER's hedging activities are guided exclusively by the underlying transaction. The credit risk with respect to both PALFINGER as well as the counter-parties has no impact on the fair value of currency forwards or currency swaps and therefore is likewise not a source of hedge ineffectiveness.

The supply of finished products and components primarily from EMEA to NAM, LATAM and APAC exposes PALFINGER to risk – in particular in USD and BRL – that is not hedged by natural hedges. These risk positions are analyzed, monitored and limited by implementing an appropriate hedging strategy. These hedging strategies are discussed at regular meetings with the CFO and adjusted as necessary.

Project-related currency risk, in particular in the Marine and Offshore sector, is transferred to the central treasury department and hedged on a project-to-project basis if invoicing in the local currency is not an option.

The sale of foreign currencies using currency forwards constitutes a hedge of operating cash inflows in foreign currencies. The result of the underlying transaction is balanced out by the inverse result of the currency forward. Outstanding hedges are measured and analyzed with respect to their risk on an ongoing basis (mark-to-market valuation). The hedging of foreign currency risks relates in each case to cash flows that are expected within a maximum of twelve months or are aligned with the project term.

The existing interest rate swaps hedge against the risk of interest rate changes in the case of loans bearing interest at variable rates. Negative impacts on the financial result due to unforeseeable interest rate fluctuations are limited by such interest rate hedges.

Interest rate risk is managed for the entire PALFINGER Group by the Corporate Treasury department. In recent years, the need for more financing has increased the effect fluctuations in interest rates have on the PALFINGER Group's financial result. The risk of changes in variable interest rates is limited through the use of derivative financial instruments (interest rate swaps) and exchanged for financing with fixed interest rates. In 2024, derivative financial instruments were also concluded to manage and hedge interest rate risk.

Changes in the fair value of interest rate swaps classified as a cash flow hedge are recognized in other comprehensive income as revaluation reserve. When interest rate payments are made on the hedged underlying transaction, the revaluation reserve is reclassified from other comprehensive income and recognized in profit or loss as net interest income.

in thousands	Notional value in contract currency 12/31/2023	12/31/2024	Mark-to-market valuation (EUR) 12/31/2023	12/31/2024	Maximum duration/maturity
Currency forwards					
sell SGD/buy EUR	SGD 1.135	SGD 0	1	-	
sell EUR/buy NOK	EUR 0	EUR 10.360	-	(140)	19.12.2025
sell EUR/buy CNY	EUR 6.720	EUR 1.955	(60)	47	17.09.2025
sell NOK/buy EUR	NOK 0	NOK 16.855	-	19	21.07.2025
sell USD/buy EUR	USD 44.546	USD 34.174	735	(802)	20.06.2025
sell USD/buy NOK	USD 6.120	USD 2.180	298	(148)	25.04.2025
			974	**(1,024)**	
Interest rate swaps	EUR 155.000	EUR 235.000	2,262	(780)	24.04.2030
Cash flow hedge			**3,236**	**(1,804)**	

The fair value of the hedges is reported as a cash flow hedge in accordance with IFRS 9. Valuation gains or losses as of the balance sheet date are to be reported accordingly in equity. As soon as the underlying transactions have been realized, the cumulative gains or losses are reversed from other comprehensive income and recognized in the income statement under exchange losses or gains in other income and expenses.

Amounts recorded in other comprehensive income as well as amounts that have been realized for cash flow hedges can be found in the consolidated statement of comprehensive income. Further details can be found in Note (46) Valuation reserve according to IFRS 9.

SAFEGUARDING OF FINANCIAL RESOURCES

Derivative financial instruments that the Group employs for the safeguarding of financial resources and the hedging of foreign currency risks that do not meet the requirements for hedge accounting in accordance with IFRS 9 in terms of documentation and effectiveness are classified as fair value recognized in profit or loss. Changes in the fair value of these financial instruments are recognized in profit or loss in the income statement.

in thousands	Notional value in contract currency 12/31/2023	12/31/2024	Mark-to-market valuation (EUR) 12/31/2023	12/31/2024	Maximum duration/maturity
sell AED/buy EUR	AED 63.500	AED 0	335	-	
sell CAD/buy EUR	CAD 0	CAD 4.100	-	12	20.06.2025
sell CNY/buy EUR	CNY 27.700	CNY 27.700	1	(145)	13.03.2025
sell GBP/buy EUR	GBP 800	GBP 2.615	8	(4)	13.03.2025
sell JPY/buy EUR	JPY 547.000	JPY 725.000	-	57	19.06.2025
sell NOK/buy EUR	NOK 102.000	NOK 147.000	94	(120)	13.03.2025
sell PLN/buy EUR	PLN 55.700	PLN 17.000	(20)	8	20.06.2025
sell SEK/buy EUR	SEK 59.800	SEK 151.300	78	8	19.06.2025
sell USD/buy EUR	USD 106.200	USD 61.800	1,875	(1,503)	20.06.2025
sell EUR/buy BRL	EUR 803	EUR 3.153	(17)	(138)	16.05.2025
sell USD/buy BRL	USD 527	USD 785	1	(60)	11.04.2025
Currency swap contracts			**2,355**	**(1,885)**	

Changes in value from currency swaps amount to EUR -4,240 thousand (previous year: EUR 2,021 thousand) and are included in the net financial result under exchange rate differences in the amount of EUR -4,240 thousand (previous year: EUR 2,021 thousand).

Other financial obligations

As at December 31 2024 there is an obligation to cover losses of JETFLY Airline GmbH to the extent of the 33.33 percent share up to the minimum capitalization of EUR 300 thousand. The proportionate obligation amounts to EUR 143 thousand as of the reporting date (previous year: EUR 17 thousand).

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

The indirect method is used for the presentation of cash flows from operating activities in the consolidated statement of cash flows. Cash and cash equivalents corresponds to cash-in-hand and short-term financial resources.

Cash flow from operations reached EUR 228.0 million in 2024 compared to EUR 186.7 in 2023. The main reason for this was the reduction of working capital compared to the previous year.

Other non-cash income and expenses include exchange rate differences and valuation effects.

The payment from the contingent purchase price liability for the acquisitions of Hinz and Equipdraulic in 2021 in the amount of EUR 12,091 thousand was recognized in the amount of the original contingent purchase price at the time of initial consolidation in the amount of EUR 10,852 thousand in cash flow from investing activities. The additional amount of EUR 1,238 thousand is reported under cash flow from operating activities.

The positive change in cash flow from investing activities was primarily due to decrease in payments for the acquisition of assets compared to the previous year, along with an increase in proceeds from the sale of a rental fleet in 2024.

Additions of intangible assets and property, plant and equipment include non-cash capital expenditures in the amount of EUR 6,815 thousand (previous year: EUR 8,352 thousand).

The reconciliation of changes in cash flows from financing activities is shown below:

EUR thousand	Promissory note loans	Equity financing	ESG Financing	Lease liabilities	Other financing	Total
As at 1/1/2023	**205,000**	**53,788**	**281,760**	**46,718**	**96,085**	**683,351**
New lease contracts	**-**	**-**	**-**	**26,054**	**-**	**26,054**
Lease contract disposals	**-**	**-**	**-**	**(2,141)**	**-**	**(2,141)**
Changes in cash flows from financing activities						
Issue of promissory note loans	154,000	-	-	-	-	154,000
Raising of loans for the acquisition of investments	-	-	-	-	-	-
Raising of ESG loans	-	-	-	-	-	-
Repayment of financing for the acquisition of investments	-	(38,783)	-	-	-	(38,783)
Non-current refinancing of redemptions and maturing current loans	-	-	-	-	-	-
Repayment of maturing/terminated loans	-	-	-	-	(31,733)	(31,733)
Repayment of current bridge financing loans for the acquisition of investments	-	-	-	-	-	-
Repayment of maturing/terminated promissory note loans	(8,000)	-	-	-	-	(8,000)
Repayment of maturing/terminated lease liabilities	-	-	-	(15,147)	-	(15,147)
Raising of short-term financing	-	-	-	-	130,000	130,000
Repayment of current financing	-	-	-	-	(147,616)	(147,616)
	146,000	**(38,783)**	**-**	**(15,147)**	**(49,349)**	**42,721**
Acquisition/change in scope of consolidation	**-**	**-**	**-**	**-**	**-**	**-**
Foreign currency translation	**-**	**-**	**-**	**(881)**	**(98)**	**(979)**
Accrued interest	**2,511**	**(1)**	**2,241**	**2,308**	**(1,155)**	**5,904**
As at 12/31/2023	**353,511**	**15,004**	**284,001**	**56,911**	**45,483**	**754,910**

EUR thousand	Promissory note loans	Equity financing	ESG Financing	Lease liabilities	Other financing	Total
As at 1/1/2024	**353,511**	**15,004**	**284,001**	**56,911**	**45,483**	**754,910**
New lease contracts	**-**	**-**	**-**	**15,946**	**-**	**15,946**
Lease contract disposals	**-**	**-**	**-**	**(1,922)**	**-**	**(1,922)**
Changes in cash flows from financing activities						
Issue of promissory note loans	160,000	-	-	-	-	160,000
Raising of loans for the acquisition of investments	-	-	-	-	-	-
Raising of ESG loans	-	-	-	-	-	-
Repayment of financing for the acquisition of investments	-	-	-	-	-	-
Non-current refinancing of redemptions and maturing current loans	-	-	-	-	-	-
Repayment of maturing/terminated loans	-	-	-	-	(1,733)	(1,733)
Repayment of current bridge financing loans for the acquisition of investments	-	-	-	-	-	-
Repayment of maturing/terminated promissory note loans	(118,000)	-	-	-	-	(118,000)
Repayment of maturing/terminated lease liabilities	-	-	-	(16,365)	-	(16,365)
Raising of short-term financing	-	-	-	-	10,000	10,000
Repayment of current financing	-	-	-	-	(12,330)	(12,330)
	42,000	**-**	**-**	**(16,365)**	**(4,063)**	**21,572**
Acquisition/change in scope of consolidation	**-**	**-**	**-**	**-**	**-**	**-**
Foreign currency translation	**-**	**-**	**-**	**351**	**41**	**392**
Accrued interest	**1,513**	**(3)**	**(573)**	**2,587**	**872**	**4,396**
As at 12/31/2024	**397,024**	**15,001**	**283,428**	**57,508**	**42,333**	**795,294**

The total column in the table above corresponds to the sum of current and non-current financial liabilities, excluding derivative financial instruments.

OTHER DISCLOSURES

(58) Disclosures of business transactions with related parties

At PALFINGER, related parties are grouped into associated companies and joint ventures, key management, and other related parties. Associated companies and joint ventures can be found in the list of shareholdings. The Supervisory Board and Executive Board of PALFINGER AG are subsumed under the term "key management". Information on the remuneration of the Executive Board is included in Note (58) Disclosures regarding governing bodies and employees. Other related parties primarily include companies that are controlled by the key management.

All transactions with associated companies and joint ventures result from the ordinary exchange of goods and services. Transactions carried out with the Supervisory Board result from their remuneration as members of the Supervisory Board in accordance with the resolution adopted at the Annual General Meeting on April 10, 2024. Transactions carried out with other related parties relate primarily to the delivery of goods and rentals.

Transactions with related parties are carried out at arm's length terms and conditions.

The following table shows transactions with associated companies and joint ventures disclosed in full. Transactions with Executive Board members are not included in the table below; for more information, please refer to the Note entitled "Disclosures regarding governing bodies and employees".

	Associated companies		Joint ventures		Supervisory Board		Other	
EUR thousand	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024
Receivables	8,379	6,975	953	1,548	-	5	1,141	988
Liabilities	171	828	1,825	2,340	539	442	3,033	2,326
Revenue	147,448	123,746	1,591	2,452	-	-	24,494	21,849
Other operating income	1	302	372	242	-	13	75	71
Purchased services	-	-	(245)	(60)	(539)	(459)	(946)	(1,030)
Cost of materials	(78)	(26)	(4,092)	(5,631)	-	-	-	-
Interest income / expense	2	8	10	-	-	-	(15)	(12)
Allowances	(87)	-	-	-	-	-	-	-

Receivables from associated companies and joint ventures include trade receivables in the amount of EUR 7,941 thousand (previous year: EUR 8,818 thousand).

As part of PALFINGER AG's 33.33 percentage stake in JETFLY Airline GmbH, PALFINGER AG has undertaken to ensure that any losses of JETFLY Airline GmbH reported in the annual financial statements for the respective financial year are offset by the injection of equity and/or or by granting qualified subordinated shareholder loans by June 30 at the latest of the following financial year insofar as the minimum capitalization of at least EUR 300 thousand is not reached. For PALFINGER AG, this obligation to cover losses is proportional to 33.33 percent.

As of November 30, 2024, JETFLY Airline GmbH reported equity of EUR -130 thousand (previous year: EUR 249 thousand). There is therefore an obligation to inject capital amoutning EUR 143 thousand (previous year: EUR 17 thousand).

Of the liabilities to associated companies and joint ventures amounting to EUR 3,168 thousand (previous year: EUR 1,996 thousand), EUR 1,382 thousand (previous year: EUR 740 thousand) resulted from the provision of goods and services.

In December 2022, the conclusion of a new standard dealership agreement with Walser Schweiz AG was approved by the Supervisory Board. Gerhard Rauch is Managing Partner of Walser GmbH and Chairman of the Board of Directors of Walser Schweiz AG. In the dealership agreement, no remuneration in the narrower sense is agreed, but a PALFINGER dealer is usually granted a discount on the purchase of contract goods, which could be regarded as remuneration.

(59) Disclosures regarding governing bodies and employees

Employees

The average number of company employees including apprentices and interns for the Group in fiscal year 2024 is 12,574 people (previous year: 12,560 people). As at the balance sheet date, the number of employees in the PALFINGER Group is 12,358 people (previous year: 12,728 people).

Supervisory board

The following individuals were either appointed or delegated by the Works Council to serve as members of the Supervisory Board in fiscal year 2024:

- Hubert Palfinger, Chair[1)2)4)]
- Gerhard Rauch, 1st Deputy Chair[1)2)]
- Hannes Palfinger, 2nd Deputy Chair[1)2)3)4)]
- Sita Monica Mazumder [3)]
- Hannes Bogner [1) 2)]
- Isabel Diaz Rohr [1) 3) 4)]
- Johannes Kücher (worker council) [2) 3) 4)]
- Carina Weindl (worker council)
- Erwin Asen (worker council)

1) Member of the Nomination and Remuneration Committees.
2) Member of the Audit Committee.
3) Member of the Digital committee
4) Member of the Project Comittee

Executive board

- Andreas Klauser, Chief Executive Officer
- Felix Strohbichler, Chief Financial Officer
- Alexander Susanek, Chief Operating Officer
- Maria Koller, Chief Human Ressources Officer (from January 2024)

The regular current remuneration of the Executive Board consists of several components and can be broken down as follows:

	Non-performance-related		Performance-based	
EUR thousand	Jan-Dec 2023	Jan-Dec 2024	Jan-Dec 2023[1)2)]	Jan-Dec 2024[1)]
Andreas Klauser	768	806	574	663
Felix Strohbichler	573	608	489	567
Alexander Susanek	298	588	222	501
Maria Koller	-	468	-	385
Martin Zehnder	602	-	1,578	-
Current remuneration	**2,241**	**2,470**	**2,863**	**2,116**

1) Corresponds to the amount of the provision.
2) Includes special payments in connection with the resignation of Martin Zehnder

There are liabilities amounting to EUR 2,116 thousand (previous year: EUR 1,285 thousand) for the current performance-based remuneration of the members of the Executive Board.

A special payment of EUR 1,578 thousand was made in the financial year 2023 for a departing member of the executive board.

In addition, non-current performance-based remuneration is shown below:

In 2023, a bonus agreement was concluded with the executive board. In addition to financial KPIs, this agreement is also based on sustainability goals derived from long-term planning. The payout is made in annual tranches. In 2024, provisions amounting to 2,952 thousand euros will be recognized as personnel expenses affecting the result.

Expenses for severance payments and pensions at PALFINGER AG amount to EUR 58 thousand (previous year: EUR 63 thousand) for members of the Executive Board and senior executives and EUR 1,316 thousand (previous year: EUR 987 thousand) for the remaining employees.

Expenses for severance payments include payments made to contribution-based pension plans in the amount of EUR 120 thousand (previous year: EUR 271 thousand) for members of the Executive Board.

(60) Significant events after the balance sheet date

No events of particular significance occurred after the end of fiscal year 2024 that would have led to a different presentation of the Group’s financial position, financial performance or cash flows.

ACCOUNTING POLICIES

The accounting policies applied during the preparation of the consolidated financial statements of the PALFINGER Group are discussed below.

Note	Balance sheet item	Accounting policies	Standard
(61)	**Intangible assets**		
	Intangible assets with indefinite useful lives	Amortized cost Straight-line depreciation over useful life: In general 2–15 years Capitalized customer relationships 5–10 years An impairment test is conducted whenever there is any indication of impairment. If the reasons for an impairment loss no longer apply, the impairment loss is reversed accordingly up to the amortized cost.	IAS 36 IAS 38
	Intangible assets with indefinite useful lives and intangible assets under development	Impairment-only approach: Periodic amortization charges are not recognized; instead, an impairment test is carried out once a year and whenever there is any indication of impairment. If the reasons for an impairment loss no longer apply, the impairment loss is reversed accordingly up to the amortized cost.	IAS 36 IAS 38
	Goodwill	Impairment-only approach (see above) In order to carry out impairment tests, goodwill is allocated to cash-generating units. The essential standard applied for determining whether a production unit qualifies as a cash-generating unit is the assessment of its technical and economic independence for the generation of income. The Group's impairment test of the cash-generating unit is carried out by comparing the current carrying amount (including the allocated goodwill) with the higher of either the fair value minus costs to sell, or the value-in-use. When determining the recoverable amount, assumptions regarding future development and estimates are made that might not occur as predicted. Value-in-use is calculated as the present value of associated estimated future cash flows before tax for the next four to five years on the basis of data from mid-term corporate planning. Mid-term corporate planning is prepared annually due to the volatile economic environment. The underlying assumptions are therefore checked for plausibility and updated annually and the estimated cash flows are adjusted accordingly. The initiatives defined in the strategic corporate planning are included in the annual mid-term planning. After the detailed planning period, a perpetual annuity is calculated based on the assumptions of the previous year. The discount rate is derived from the weighted average cost of capital customary for the market and adjusted to the specific risks on the basis of externally available capital market data. When determining the weighted average cost of capital, externally available capital market data are used. If the calculated amount is less than the carrying amount, an impairment loss amounting to the difference is allocated primarily to reduce the goodwill. Any additional impairment loss is then to be allocated to the remaining assets of the cash-generating units in proportion to their carrying amounts. The impairment test is carried out for the entire capitalized goodwill. If non-controlling interests are recognized at their fair values in the course of a business acquisition, the impairment loss is distributed over the individual groups of shareholders. The distribution takes place on the basis of the same logic that is also applied when distributing the earnings of the particular subsidiary among the shareholders. In accordance with IAS 36, once goodwill has been written down due to an impairment loss, the impairment loss may not be reversed in later periods.	IFRS 3 IAS 36

Note	Balance sheet item	Accounting policies	Standard
Research and development		Research expenses are recognized in profit and loss as soon as they are incurred. Development expenses incurred with the intention of a major further development for a product or a process are capitalized if the product or process is feasible both from a technological and economic point of view, the development is marketable, the expenses can be measured reliably, and PALFINGER has sufficient resources to complete the development project. All other development expenses are recognized in profit and loss when they are incurred. Capitalized development expenses for completed projects are reported at cost minus accumulated depreciation, amortization and impairment. As long as a development project is not yet completed, the recoverability of the accumulated capitalized amounts is tested annually or more frequently if circumstances indicate that an impairment loss might have occurred.	IAS 36 IAS 38

(62)	Property, plant and equipment		
Amortized cost		In addition to direct costs, production costs also include an appropriate share of material and production overheads as well as borrowing costs in the case of qualifying assets. General administrative expenses are not capitalized. Straight-line depreciation over useful life: Own buildings & investments (in third party buildings) 20–50 years Plants and machinery 3–15 years Operating and office equipment 3–10 years In the case of asset disposals, the difference between the carrying amounts and the net realizable value is recognized in profit and loss as either other operating income or other operating expenses. An impairment test is carried out whenever there is any indication of impairment. If the reasons for an impairment loss no longer apply, the impairment loss is reversed accordingly up to the amortized cost.	IAS 16 IAS 36
Government grants		Reductions of acquisition or manufacturing costs for investment grants. Grants for research are recognized as income in research and development costs. A government grant is not recognized until there is reasonable assurance that the the conditions attached to it will be fulfilled, and that the grant will be received.	IAS 20
Leases as lessee		Assets (rights to use leased assets) and liabilities are recognized in the balance sheet in accordance with IFRS 16. Lease liabilities are recognized at the present value of the outstanding lease payments and right-of-use assets at the amount of the recognized lease liability, adjusted for advance payments and accrued lease payments. Low-value leased assets (printers, laptops, cellular phones, and other office equipment) and short-term leases with a term of less than twelve months are not capitalized, but instead recognized as expense proportionately over time. In addition, IFRS 16 is not applied to intangible assets. Lease agreements can include both lease components and non-lease components. The Group allocates the contractually stipulated compensation based on the relative standalone selling price of the lease components and the aggregated stand-alone selling price of the non-lease components to the individual lease components. For leases of land, the Group practices not allocating to non-lease and lease components and instead, accounting for each lease component, and as a consequence all related non-lease components, as a single lease component.	IFRS 16
Borrowing costs		Capitalization upon acquisition or production of a qualifying asset.	IAS 23

(63)	Investment property		
		Properties and buildings held to generate rental income or for the purpose of capital appreciation are measured at the carrying amount of acquisition or production costs. Depreciation is carried out on a straight-line basis over the useful life.	IAS 40 IAS 36 IFRS 13

Note	Balance sheet item	Accounting policies	Standard
(64)	**Inventories**		
		Acquisition or production cost (see (62) Property, plant and equipment) or lower net realizable value at the balance sheet date Raw materials, consumables and supplies as well as merchandise: moving average price method Work in progress and finished goods: standard production costs, reviewed regularly and adjusted if necessary	IAS 2
(65)	**Contract assets from customer contracts**		
		Revenue is realized based on the percentage of completion, which is determined using the cost-to-cost method. When applying the cost-to-cost method, revenue and order results are recognized based on the manufacturing costs actually incurred in relation to the expected total costs. Reliable estimates of the total costs of the contracts, the selling prices, and the actual costs incurred are available on a monthly basis. For technological and financial risks that might occur during the remainder of the project, a separate estimate is made for each contract and a corresponding amount is recognized as part of the expected total costs. Expected losses are immediately realized as expense if the total contract costs are likely to exceed the contract revenue.	IFRS 15
(66)	**Financial instruments**		
		Financial assets are measured at fair value when they are initially recognized. In the case of financial investments that are not recognized at fair value in profit or loss, transaction costs that are directly attributable to the acquisition of the assets are also taken into account. Fair value is determined based on the market information available on the balance sheet date. The values listed may differ from the values realized later in light of varying factors of influence. The fair value of financial assets and liabilities reflects the effects of the risk of nonperformance on the part of the counterparty. When determining the fair value of a financial asset, the banks' credit risks are taken into account based on their ratings. When determining the fair values of financial liabilities, the company's own credit risk is taken into account on the basis of the ratings made by the banks. Market values are available for all derivative financial instruments and securities. The fair values of all other financial instruments are determined based on the discounted expected cash flows. Acquisitions or disposals of financial assets are recognized at the trade date. Impairment losses for all financial instruments are recognized in profit or loss. If the reason for impairment no longer applies, the impairment losses are reversed in the income statement.	IFRS 7 IFRS 9 IFRS 13 IAS 32
Securities and other shareholdings		"Fair value through profit or loss": Measurement subsequent to initial recognition at fair value.	
Loans		"At amortized cost": Measurement subsequent to initial recognition at amortized cost applying the effective interest method minus any impairment loss.	

Note	Balance sheet item	Accounting policies	Standard
	Receivables	“At amortized cost”: Measurement subsequent to initial recognition at amortized cost, less any impairment losses recorded in allowance accounts. “Fair value through OCI”: Refers to trade receivables in receivables portfolios where it is still uncertain which receivables will be sold to the factor and when. PALFINGER applies the simplified impairment model for trade receivables and contract assets from customer contracts, taking into account lifetime expected losses. General specific valuation allowances on receivables are recognized based on an assessment matrix, which is based on the results of an analysis of the losses occurring over the past five years as well as an assessment of future developments and takes into account days overdue and country risk. The likelihood of receiving payment is assessed for specific valuation allowances on receivables, Previous experience with specific customers, their creditworthiness, and any collateral provided are taken into account here. Uncollectible receivables are de-recognized.	
	Cash and cash equivalents	Mark-to-market	
	Liabilities	“At amortized cost”: Measurement subsequent to initial recognition at amortized cost applying the effective interest method.	
	Purchase price liabilities from acquisitions	Deferred purchase price liabilities from acquisitions are measured at amortized cost. Contingent purchase price liabilities from acquisitions are measured at fair value. The fair value is calculated internally using generally accepted calculation models based on market interest rates in line with the respective maturities. Specifically, the amount payable is derived from strategic corporate planning and discounted to the balance sheet date.	
	Derivative financial instruments	Derivative financial instruments that do not fulfill the criteria in IFRS 9 for hedge accounting are classified as fair value through profit or loss in accordance with IFRS 9 and recognized at fair value in profit or loss.	
	Cash flow hedge	In order to minimize the risk of fluctuations with respect to payments received in the future, expected foreign currency income and interest risks are hedged in the PALFINGER Group using currency forwards and interest swaps. In order to offset the effects of the hedged transaction and the hedging instrument in the income statement on an accrual basis, the special provisions on hedge accounting in IFRS 9 are applied. The fair values resulting on the balance sheet date after accounting for deferred taxes are recognized in other comprehensive income and reported under reserves in accordance with IFRS 9. The reserve is recognized as reversed in profit or loss in proportion to the future proceeds generated in the corresponding fiscal year.	

Note	Balance sheet item	Accounting policies	Standard
(67)	**Long-term personnel obligations**		IAS 19
Defined benefit plans		Defined benefit plans relate to pension commitments in Austria, France, Norway and Germany as well as severance obligations in Austria, Slovenia, Bulgaria, South Korea, Qatar and the United Arab Emirates. Provisions for pensions and similar obligations as well as severance payments and service anniversary bonuses are valued by an actuary as at the respective balance sheet date in the form of an actuarial report using the projected unit credit method. The discount rate matching the maturity is determined based on the yield of senior fixed-interest corporate bonds, i.e. a rating of AA or higher. In accordance with IAS 19, remeasurements are recognized in other comprehensive income if they relate to provisions for pensions and other post-employment benefits or to severance payments.	
Defined contribution plans		Defined contribution plans have been introduced at various Group companies on the basis of statutory obligations. In addition, individual pension agreements have been entered into. Contributions are recognized as expenses in the period for which they are paid.	
Other long-term employment benefits provisions		Other long-term employment benefits relate primarily to collective bargaining commitments for the payment of anniversary bonuses depending on years of service for the employees of Austrian and Slovenian companies and to bonus agreements entered into with the members of the Executive Board and other executives. In accordance with IAS 19, remeasurements are recognized in profit or loss as provisions for anniversary bonuses under personnel expenses.	
(68)	**Other provisions**		
		Provisions are recognized at the expected settlement amount; non-current provisions are recognized at present value.	IAS 37
(69)	**Income tax**		
		Tax receivables and tax liabilities are netted when they relate to the same tax authority and the company has a right to offset the items. Deferred taxes are recognized according to the liability method. The respective country's applicable tax rate is applied for calculating the deferred taxes. Deferred tax assets are only recognized if it is likely that the corresponding tax advantages will actually be realized. Deferred tax is calculated using the tax rate expected to apply on the balance sheet date when the temporary differences reverse. As a general rule, changes in taxes result in tax expenses and/or tax income. Taxes on items recognized in other comprehensive income are recognized in other comprehensive income. Taxes on items recognized directly in equity are recognized directly in equity.	IAS 12

Note	Balance sheet item	Accounting policies	Standard
(70)	**Revenue recognition**		
Sale of products		Revenue from the sale of series products is recognized when control of goods is transferred to the customer in accordance with the terms and conditions of delivery. Revenue is recognized at that point in time provided that both revenue and cost can be reliably determined, the consideration is likely to be received, and the performance obligation has been fulfilled. The performance obligation is normally fulfilled upon transfer of ownership in accordance with the INCOTERMS. Some contracts have multiple components, meaning that in addition to governing the sale of series products, they also include additional performance obligations such as extended warranties and service type warranties, service and maintenance, or commissioning. In accordance with IFRS 15, the consideration is allocated to the components according to their relative standalone selling prices.	IFRS 15
Contract manufacturing and rendering of services		IFRS 15 defines criteria for recognizing revenue over a specified time period. Almost all project business contracts meet the criteria for satisfying a performance obligation over a specified time period because the assets produced have no alternative use and PALFINGER has a right to payment for the performance completed at any time during the term of the respective contract. PALFINGER's project business consists of projects in the Marine involving offshore cranes, slipway systems, winches, boats and davits. In the case of contracts for the provision of long-term services, revenue is recognized over a specified time period because the customer receives the benefits from the services while they are being performed. Significant financing components with terms longer than twelve months are accounted for separately from revenue. Installment plans are set up for this purpose in most cases. Significant costs incurred during the phase of contract formation are only capitalized for contracts with terms longer than twelve months. At present, no significant costs are incurred during the phase of contract formation. Variable consideration and repurchase commitments only apply in rare cases.	

FAIR VALUE MEASUREMENT

PALFINGER measures financial instruments such as derivatives, contingent purchase price obligations as well as liabilities from puttable non-controlling interests at fair value on a recurring basis. The fair values of financial instruments accounted for at amortized cost are quoted in the Note "Financial instruments".

Fair value is defined as the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the valuation date. When measuring fair value, it is assumed that the transaction in the course of which the asset is sold, or the liability transferred, takes place either on the principal market for the asset or liability or, if there is no principal market, on the most advantageous market. PALFINGER measures fair value by taking into account all assumptions that the market participants would use as a basis for pricing. The assumption is that the market participants act in their own best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant’s ability to generate economic benefits through the highest and best use of the asset.

When determining fair value, PALFINGER applies valuation methods appropriate in the circumstances and for which sufficient data are available to measure the fair value, using observable inputs whenever possible.

The fair values accounted for or stated are categorized on the basis of the lowest level of input applied as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities that the company can access at the measurement date.
- Level 2 – inputs other than quoted market prices included in Level 1 that are to be observed for the asset or liability, either directly or indirectly.
- Level 3 – inputs that are not observable for the asset or liability.

LIST OF SHAREHOLDINGS

Company, registered office	Parent company[1)]	Direct investment[2)] (in percent) 2023	Direct investment[2)] (in percent) 2024	Indirect investment[3)] (in percent) 2023	Indirect investment[3)] (in percent) 2024	FC[4)]
Consolidated entities						
PALFINGER AG, Bergheim (AT)						EUR
Andrés N. Bertotto S.A.I.C. (Hidro-Grubert), Río Tercero (AR)	PAM	70.00	70.00	70.00	70.00	ARS
Elesa centro de montaje y servicios S.A, Madrid (ES)	PIB	100.00	100.00	100.00	100.00	EUR
EPSILON Kran GmbH, Salzburg (AT)	EMEA	65.00	65.00	65.00	65.00	EUR
Equipdraulic SL, Barcelona (ES)	EMEA	100.00	-	100.00	-	EUR
Equipment Technology, LLC, Oklahoma City (US)	PUSH	100.00	100.00	100.00	100.00	USD
Guima Palfinger S.A.S., Caussade (FR)	EMEA	100.00	100.00	100.00	100.00	EUR
Handelsbolaget Bunsön 7:1, Borlänge (SE)	HINZ	100.00	100.00	100.00	100.00	SEK
Harding Safety Panama, Panama City (PA)	PALM US	100.00	100.00	100.00	100.00	USD
Hinz Fastighets AB, Borlänge (SE)	HINZ	100.00	100.00	100.00	100.00	SEK
INMAN AO, Ischimbai (RU)	EMEA	100.00	100.00	100.00	100.00	RUB
Madal Palfinger S.A., Caxias do Sul (BR)	PAM	99.91	99.91	99.91	99.91	BRL
Mega Repairing Machinery Equipment LLC, Dubai (AE)	PSYSU	100.00	100.00	100.00	100.00	AED
Megarme Inspection & Engineering Services LLC, Dubai (AE)	PSYSU	100.00	100.00	100.00	100.00	AED6)
Megarme General Contracting Company LLC, Abu Dhabi (AE)	PSYSU	100.00	100.00	100.00	100.00	AED
Nimet Srl, Lazuri (RO)	PPT BG	60.00	60.00	60.00	60.00	RON
Omaha Standard, LLC, Council Bluffs (US)	PUSH	100.00	100.00	100.00	100.00	USD
Palfinger AB, Borlänge (SE)	EMEA	100.00	100.00	100.00	100.00	SEK
Palfinger Americas GmbH, Salzburg (AT)	PAUG	100.00	100.00	100.00	100.00	EUR
Palfinger Area Units GmbH, Salzburg (AT)	PAG	100.00	100.00	100.00	100.00	EUR
Palfinger Asia Pacific Pte. Ltd., Singapore (SG)	PAUG	100.00	100.00	100.00	100.00	EUR
Palfinger Canarias Maquinaria S.L., Las Palmas de Gran Canaria (ES)	PIB	100.00	100.00	100.00	100.00	EUR
Palfinger comércio e aluguer de máquinas S.A., Samora Correira (PT)	PIB	100.00	100.00	100.00	100.00	EUR
Palfinger Crane Rus OOO, St. Petersburg (RU)	EMEA	100.00	100.00	100.00	100.00	RUB
Palfinger India Pvt. Ltd., Chennai (IN)	PAUG	100.00	100.00	100.00	100.00	INR
Palfinger Danmark AS, Middelfart (DK)	EMEA	100.00	100.00	100.00	100.00	DKK
Palfinger Deutschland Beteiligungs GmbH, Ganderkesee-Hoykenkamp (DE)[5)]	EMEA	100.00	100.00	100.00	100.00	EUR
Palfinger Duisburg, Ainring (DL)[5)]	PD	100.00	-	100.00	-	EUR
Palfinger EMEA GmbH, Bergheim (AT)	PAG	100.00	100.00	100.00	100.00	EUR
Palfinger Equipment (Nantong) Co. Ltd., Nantong (CN)	PTS	100.00	100.00	100.00	100.00	CNY
Palfinger Europe GmbH, Salzburg (AT)	EMEA	100.00	100.00	100.00	100.00	EUR
Palfinger GBS Bulgaria EOOD, Sofia (BG)	EMEA	100.00	100.00	100.00	100.00	EUR
Palfinger GmbH, Ainring (DE)[5)]	PP	100.00	100.00	100.00	100.00	EUR
Palfinger Hayons S.A.S., Silly en Gouffern (FR)	EMEA	100.00	100.00	100.00	100.00	EUR
Palfinger Ibérica Maquinaria S.L., Madrid (ES)	EMEA	100.00	100.00	100.00	100.00	EUR
Palfinger Interlift LLC, Cerritos (US)	PUSH	100.00	100.00	100.00	100.00	USD
Palfinger Japan K.K., Yokohama (JP)	PAP	100.00	100.00	100.00	100.00	JPY
Palfinger Kama Cylinders OOO, Neftekamsk (RU)	EMEA	51.00	51.00	51.00	51.00	RUB
Palfinger Korea Co., Ltd., Seongnam-si (KR)	PAP	100.00	100.00	100.00	100.00	KRW
Palfinger Lifting Solutions Italy S.r.l., Bolzano (IT)	PEU	100.00	100.00	100.00	100.00	EUR
Palfinger Marine Australia PTY Ltd, Winthrop (AUS)	PAP	100.00	100.00	100.00	100.00	AUD
Palfinger Marine Canada Inc., Langley (CA)	PALM AS	100.00	100.00	100.00	100.00	CAD
Palfinger Marine Czech s.r.o., Slaný (CZ)	PALM EU	100.00	100.00	100.00	100.00	CZK
Palfinger Marine DK AS, Munkebo (DK)	PALM AS	100.00	100.00	100.00	100.00	DKK
Palfinger Marine Do Brasil Ltda., Rio de Janeiro (BR)	PALMA	100.00	100.00	100.00	100.00	BRL
Palfinger Marine Doha WLL, Doha (QU)	PSYSU	100.00	100.00	100.00	100.00	QAR
Palfinger Marine Europe B.V., Schiedam (NL)	PALM AS	100.00	100.00	100.00	100.00	EUR
Palfinger Marine Germany GmbH, Dägeling (DE)	PALM AS	100.00	100.00	100.00	100.00	EUR
Palfinger Marine GmbH, Salzburg (AT)	PAG	100.00	100.00	100.00	100.00	EUR
Palfinger Marine Hong Kong Limited, Hong Kong (CN)	PALM AS	100.00	100.00	100.00	100.00	HKD
Palfinger Marine Italy Srl, Livorno (IT)	PALM AS	100.00	100.00	100.00	100.00	EUR
Palfinger Marine LSE (Qingdao) Co., Ltd., Qingdao City (CN)	PALM AS	100.00	100.00	100.00	100.00	CNY

Company, registered office	Parent company[1]	Direct investment[2] (in percent) 2023	2024	Indirect investment[3] (in percent) 2023	2024	FC[4]
Consolidated entities						
Palfinger Marine Montagens Industriais do Brasil Ltda., Porto Alegre (BR)	PALM BR	99.00	99.00	99.00	99.00	BRL
Palfinger Marine Netherlands B.V., Haderwijk (NL)	PALMA	100.00	100.00	100.00	100.00	EUR
Palfinger Marine Norway AS, Bergen (NO)	PM HO	100.00	100.00	100.00	100.00	NOK
Palfinger Marine Norway Holding AS, Nesttun (NO)	PALMA	100.00	100.00	100.00	100.00	NOK
Palfinger Marine Poland sp. z.o.o., Gdynia (PL)	PALMA	100.00	100.00	100.00	100.00	PLN
Palfinger Marine Rus OOO, St. Petersburg (RU)	PALMA	100.00	100.00	100.00	100.00	RUB
Palfinger Marine Safety AS, Seimsfoss (NO)	PM HO	100.00	100.00	100.00	100.00	NOK
Palfinger Marine Spain, S.L., Cádiz (ES)	PALM AS	100.00	100.00	100.00	100.00	EUR
Palfinger Marine UK Limited, Gosport Hampshire (UK)	PALM AS	100.00	100.00	100.00	100.00	GBP
Palfinger Marine USA Inc., New Iberia (US)	PUSH	100.00	100.00	100.00	100.00	USD
Palfinger Marine Vietnam Co., Ltd., Hung Yen (VN)	PM NL	100.00	100.00	100.00	100.00	USD
Palfinger North America,LLC, Council Bluffs (US)	PUSH	100.00	100.00	100.00	100.00	USD
Palfinger Platforms GmbH, Krefeld (DE)5)	PDB	100.00	100.00	100.00	100.00	EUR
Palfinger Poland sp.z.o.o., Solec Kujawski (PL)	EMEA	100.00	100.00	100.00	100.00	PLN
Palfinger Produktionstechnik Bulgaria EOOD, Cherven Brjag (BG)	EMEA	100.00	100.00	100.00	100.00	EUR
Palfinger proizvodna tehnologija Hrvatska d.o.o., Delnice (HR)	EMEA	100.00	100.00	100.00	100.00	EUR
PALFINGER proizvodnja d.o.o., Maribor (SI)	EMEA	100.00	100.00	100.00	100.00	EUR
Palfinger proizvodna d.o.o. Nis, Nis (RS)	EMEA	100.00	100.00	100.00	100.00	RSD
Palfinger S.r.l., Bolzano (IT)	PSUG	100.00	100.00	100.00	100.00	EUR
Palfinger S. Units GmbH, Salzburg (AT)	PAG	100.00	100.00	100.00	100.00	EUR
STRUCINSPECT GmbH, Vienna (AT)	PAG	82.18	82.18	82.18	82.18	EUR
Palfinger systems units GmbH, Salzburg (AT)	PAG	100.00	100.00	100.00	100.00	EUR
Palfinger Tail Lifts GmbH, Ganderkesee-Hoykenkamp (DE)5)	PDB	100.00	100.00	100.00	100.00	EUR
Palfinger Tail Lifts Limited, Welwyn Garden City (UK)	EMEA	100.00	100.00	100.00	100.00	GBP
Palfinger Tail Lifts s.r.o., Bratislava (SK)	PALMA	100.00	100.00	100.00	100.00	EUR
Palfinger Taiwan Co., Ltd., Taipei City (TW)	PAP	100.00	100.00	100.00	100.00	TWD
Palfinger Trading (Shanghai) Co., Ltd., Shanghai (CN)	PAP	100.00	100.00	100.00	100.00	CNY
Palfinger US Holdings, Inc., Council Bluffs (US)	PAM	100.00	100.00	100.00	100.00	USD
Palfinger USA Operations, LLC, Wilmington (US)	PUSH	100.00	100.00	100.00	100.00	USD
Palfinger, Inc., Niagara Falls (CA)	PAM	100.00	100.00	100.00	100.00	USD
Palfinger USA, LLC, Tiffin (US)	OSP	100.00	100.00	100.00	100.00	USD
Palfinger Vietnam Co Ltd., Ho Chi Minh City (VN)	PAP	-	100.00	-	100.00	VND
Podyomnie Maschini AO, Velikiye Luki (RU)	EMEA	75.03	75.03	75.03	75.03	RUB
SMZ OOO, Arkhangelsk (RU)	PM	100.00	100.00	75.03	75.03	RUB
Velmash-S OOO, Velikiye Luki (RU)	PM	100.00	100.00	75.03	75.03	RUB

Company, registered office	Parent company[1]	Direct investment[2] (in percent) 2023	Direct investment[2] (in percent) 2024	Indirect investment[3] (in percent) 2023	Indirect investment[3] (in percent) 2024	FC[4]
Entities reported at equity						
Associated companies						
Crane Center Kamaz OOO, Nabereschnye Tschelny (RU)	EMEA	49.00	49.00	49.00	49.00	RUB
Palfinger France S.A.S., Étoile sur Rhône (FR)	EMEA	48.94	48.94	48.94	48.94	EUR
STEPA Farmkran Gesellschaft m.b.H., Elsbethen (AT)	EMEA	45.00	45.00	45.00	45.00	EUR
JETFLY Airline GmbH, Hörsching (AT)	PAG	33.30	33.30	33.30	33.30	EUR
Joint ventures						
Sany Palfinger SPV Equipment Co., Ltd., Nantong (CN)	PTS	50.00	50.00	50.00	50.00	CNY
Palfinger Sany International Mobile Cranes Sales GmbH, Salzburg (AT)	PSUG	50.00	50.00	50.00	50.00	EUR
PALFINGER SANY Cranes OOO, Moscow (RU)	PSV	100.00	100.00	50.00	50.00	RUB
Palfinger Neptune Marine Equipment Technology (Shanghai) Co., Ltd., Shanghai (CN)	PM NL	50.00	50.00	50.00	50.00	CNY
Other shareholdings						
Atheno AS, Stord (NO)	PALM AS	6.20	6.20	6.20	6.20	NOK
KESTRELEYE GmbH, Klagenfurt (AT)	PAG	10.00	10.00	10.00	10.00	EUR
Rosendal Hamn Eigedom AS, Rosendal (NO)	PALM AS	3.00	3.00	3.00	3.00	NOK
Rosendal Utvikling AS, Rosendal (NO)	PALM AS	8.50	8.50	8.50	8.50	NOK
Sunnhordlandsdiagonalen AS, Valen (NO)	PALM AS	4.54	4.54	4.54	4.54	NOK

1) Parent Company:
EMEA = Palfinger EMEA GmbH, Bergheim (AT)
HKPM = Holding Company Podyomnie Maschini AO, Arkhangelsk (RU)
HINZ = Palfinger AB, Borlänge (SE)
MP = Madal Palfinger S.A., Caxias do Sul (BR)
OSP = Omaha Standard, LLC, Council Bluffs (US)
PAG = PALFINGER AG, Bergheim (AT)
PALM AS = Palfinger Marine Safety AS, Seimsfoss (NO)
PALM BR = Palfinger Marine Do Brasil Ltda., Rio de Janeiro (BR)
PALM EU = Palfinger Marine Europe B.V., Schiedam (NL)
PALM US = Palfinger Marine USA Inc., New Iberia (US)
PALMA = Palfinger Marine GmbH, Salzburg (AT)
PAM = Palfinger Americas GmbH, Salzburg (AT)
PAP = Palfinger Asia Pacific Pte. Ltd., Singapur (SG)
PAUG = Palfinger Area Units GmbH, Salzburg (AT)
PD = Palfinger GmbH, Ainring (DE)
2) From the viewpoint of the parent company
3) From the viewpoint of PALFINGER AG
4) FC = functional currency
5) § 264 (3) (dHGB) and § 264b (dHGB) were used for these companies.
6) Company not consolidated due to immateriality

PDB = Palfinger Deutschland Beteiligungs GmbH, Ganderkesee (DE)
PEU = Palfinger Europe GmbH, Salzburg (AT)
PIB = Palfinger Ibérica Maqiunaria S.L., Madrid (ES)
PM = Podyomnie Maschini AO, Velikiye Luki (RU)
PM HO = Palfinger Marine Norway Holding AS, Nesttun (NO)
PM NL = Palfinger Marine Netherlands B.V., Harderwijk (NL)
PM NO = Palfinger Marine Norway AS, Nesttun (NO)
PP = Palfinger Platforms GmbH, Löbau (DE)
PPT = Palfinger Produktionstechnik Bulgaria EOOD, Cherven Brjag (BG)
PSUG = Palfinger S. Units GmbH, Salzburg (AT)
PSV = Palfinger Sany International Mobile Cranes Sales GmbH, Salzburg (AT)
PSYSU = Palfinger systems units GmbH, Salzburg (AT)
PTL DE =Palfinger Tail Lifts GmbH, Ganderkesee (DE)
PTS = Palfinger Trading (Shanghai) Co., Ltd., Shanghai (CN)
PUSH = Palfinger US Holdings, Inc., Schaumburg (US)
VMS = Velmash-S OOO, Velikiye Luki (RU))

Bergheim, March 5, 2025

Andreas Klauser	**Felix Strohbichler**	**Alexander Susanek**	**Maria Koller**
CEO	**CFO**	**COO**	**CHRO**

#4 / 2024

STATEMENT & REPORTS

— PALFINGER AG ANNUAL REPORT 2024

STATEMENT OF ALL MANAGEMENT

We confirm to the best of our knowledge that the consolidated financial statements for the year ended December 31, 2024, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). We also confirm, to the best of our knowledge, that the Group management report, including the non-financial statement, for the year ended December 31, 2024 gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces

In addition, we confirm to the best of our knowledge that the separate financial statements for the year ended December 31, 2024, give a true and fair view of the assets, liabilities, financial position, and profit or loss of PALFINGER AG as required by the Austrian Commercial Code (Unternehmensgesetzbuch, UGB) and that the management report for the year ended December 31, 2024, gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Bergheim, March 5, 2025

Executive Board of PALFINGER AG

Andreas Klauser	**Felix Strohbichler**	**Alexander Susanek**	**Maria Koller**
CEO	**CFO**	**COO**	**CHRO**

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION

We have audited the consolidated financial statements of PALFINGER AG, Bergheim bei Salzburg, and its subsidiaries (the Group), which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year ended

December 31, 2024, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at December 31, 2024, and of its financial performance and cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional regulations of section 245a UGB (Austrian Company Code).

BASIS FOR OPINION

We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and Austrian Generally Accepted Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). 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 Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of the auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the financial year. 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.

We have structured key audit matters as follows:

- Description
- Audit approach and key observations
- Reference to related disclosures

RECOVERABILITY OF THE GOODWILL OF THE OPERATIONAL SEGMENT "OPERATIONS" AND RECOVERABILITY OF THE CARRYING AMOUNTS OF CASH GENERATING UNITS

- Description

The consolidated financial statements of PALFINGER AG, Bergheim bei Salzburg, report goodwill in the amount of EUR 140,183k (prior year: EUR 142,107k). The goodwill is allocated to the operational segments "sales and service" in the amount of EUR 107,090k (prior year: EUR 108,560k) as well as to the segment "operations" in the amount of EUR 33,094k (prior year: EUR 33,547k). The surplus in the segment "operations" decreased year-on-year to EUR 39.3 million. Therefore, we identified the recoverability of the goodwill in the segment "operations" as well as the recoverability of the carrying amounts of cash generating units as key audit matters.

The Group carries out an impairment test in accordance with the provisions of IAS 36 for goodwill as well as cash generating units at least once a year and whenever there is any indication of impairment.

An impairment loss is recognized to the extent that the carrying amount of the segment or the cash generating unit exceeds the recoverable amount. The recoverable amount of a segment or a cash generating unit is the higher of the fair value less costs of disposal or the value in use. When evaluating whether there are any indications for impairment, external and internal sources of information are to be taken into account.

The Group determines the value in use of the segment or the cash generating units by means of a discounted cash flow model. Due to planning uncertainty three scenarios were included in calculating the value in use, of which the realistic scenario corresponds to the budget approved by the Supervisory Board. In addition to forecasted future cash flows, particularly the discount rate before taxes is also to be classified as such that it requires significant discretionary decisions. As even slight changes in the cash flows of perpetual annuity as well as in the discount rate may have a significant impact on the value in use and thus, the recoverable amount, there are major estimation uncertainties with regard to determining the value in use. In the segment "operations", a decrease of the EBITs by 20 percent over the total planning period while all other parameters remain stable, would result in a need for impairment amounting to EUR 136,400k. However, in case of a decrease of EBITs by 4.47 percent, the valuation corresponds to the carrying amount.

Therefore, for the consolidated financial statements, there is the risk that an existing impairment is not identified at all or at the appropriate amount. Moreover, there is the risk that the respective disclosures in the notes are not adequate.

- Audit approach and key observations

We involved our internal valuation experts in assessing whether the assumptions on future cash flows included in the valuation model and the assumptions on material valuation parameters used for the respective cash generating units are appropriate.

We examined whether the assumptions regarding the realistic scenario used in the future cashflows are in line with the budget prepared by the Executive Board and approved by the Supervisory Board, and we analyzed and critically assessed the essential drivers for the future development (such as revenue expectations, payments made for expenses, investments, changes in working capital). In particular, we examined whether the uncertainties in the budgeting assumptions resulting from the market development of the construction industry were taken into account in an appropriate manner. We assessed the forecast quality of past budgets by comparing historic targets to the actual materialized values and by following up on material deviations. We checked the assumptions regarding the discount rate and the growth rate. We assessed whether the disclosures in the notes to the consolidated financial statements on the impairment tests are mathematically accurate, appropriate and complete. We performed the audit procedures regarding the evaluation of the recoverability of the goodwill of the operational segment "operations" as well as the recoverability of the carrying amounts of the cash generating units by partly involving our valuation experts.

The valuation model used by the Group is suitable to carry out an impairment test as required by IFRS (IAS 36). The assumptions and valuation parameters used in the valuation are reasonable. The disclosures required by IAS 36 are complete and adequate.

- Reference to related disclosures

Further information on this key audit matter can be found in the notes to the consolidated financial statements as at December 31, 2024 under note 29 – "Intangible assets" in subsection "Intangible assets with indefinite useful lives" as well as note "Use of estimates and discretionary decisions".

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and our auditor's report 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

RESPONSIBILITIES OF MANAGEMENT AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional regulations of section 245a UGB, and for such internal control as management 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, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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 the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, 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 the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism 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 risks 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 by management.
- conclude on the appropriateness of management's 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.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit 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 Audit Committee with a statement that we have complied with all relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit 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

COMMENTS ON THE MANAGEMENT REPORT FOR THE GROUP

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations. Regarding the consolidated non-financial statement contained in the management report for the Group, it is our responsibility to examine whether it has been prepared, to read it and to consider whether it is, based on our knowledge obtained in the audit, materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian standards on auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the applicable legal regulations, comprising the details in accordance with section 243a UGB, and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Additional Information in Accordance with Article 10 of the EU Regulation

We were elected as statutory auditor at the ordinary general meeting dated April 10, 2024. We were appointed by the Supervisory Board on April 22, 2024. We have audited the Company for an uninterrupted period since the financial year 2020.

We confirm that the audit opinion in the "Report on the Consolidated Financial Statements" section is consistent with the additional report to the Audit Committee referred to in Article 11 of the EU Regulation.

We declare that no prohibited non-audit services (Article 5 para. 1 of the EU Regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Engagement Partner

Responsible for the proper performance of the engagement is Mr. Peter Pessenlehner, Austrian Certified Public Accountant.

Vienna

March 5, 2025

PwC Wirtschaftsprüfung GmbH

Peter Pessenlehner
Austrian Certified Public Accountant

signed

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the financial statements together with our auditor's report is only allowed if the financial statements and the management report are identical with the German audited version. This auditor's report is only applicable to the German and complete financial statements with the management report. For deviating versions, the provisions of section 281 para. 2 UGB apply.

INDEPENDENT ASSURANCE REPORT

(Translation)

To
the members of the Supervisory Board of
PALFINGER AG
Lamprechtshausener Bundesstraße 8
5101 Bergheim bei Salzburg

We have performed a limited assurance engagement of the consolidated sustainability reporting included in the section “Consolidated non-financial statement” of PALFINGER AG, Bergheim bei Salzburg, for the financial year ended as at Dezember 31, 2024.

CONCLUSION BASED ON A LIMITED ASSURANCE ENGAGEMENT

Based on the procedures performed and evidence obtained nothing has come to our attention that causes us to believe that the consolidated sustainability reporting included in the management report for the Group in the section “Consolidated non-financial statement” does not comply, in all material aspects, with the requirements of Article 29a of the Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (hereinafter ESRS) including carrying out the process to identify the information to be reported pursuant to ESRS (hereinafter “Materiality Assessment Process”), and its presentation in disclosure “IRO-1 – Description of the Process to Identify and Assess Material Impacts, Risks and Opportunities” pursuant to ESRS 2, and
- compliance with the reporting requirements pursuant to Article 8 of the Taxonomy Regulation (EU) 2020/852 (hereinafter EU Taxonomy Regulation).

BASIS FOR CONCLUSION

We performed our limited assurance engagement in accordance with the legal requirements and the professional standards applicable in Austria with regard to other assurance engagements and additional opinions and the International Standard on Assurance Engagements (ISAE 3000 (Revised)) – applicable to such engagements, if agreed upon in the engagement letter. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Limited Assurance Engagement of the Consolidated Sustainability Reporting” section of our report.

We are independent of the Group in accordance with professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our assurance activities are subject to the requirements of KSW-PRL 2022, which essentially corresponds to the requirements pursuant to ISQM 1, applying an extensive quality management system including documented guidelines and processes to adhere to ethical requirements, professional standards as well as applicable legal and regulatory requirements.

We believe that the assurance evidence we have obtained until the date of the independent assurance report is sufficient and appropriate to provide a basis for our opinion by this date.

OTHER MATTER – PRIOR-YEAR DISCLOSURES AS AT DECEMBER 31, 2023

Prior-year disclosures were not subject to a comparable assurance engagement.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the consolidated financial statements and the management report for the Group and the Annual Report 2024, but does not include the "Consolidated non-financial statement" and our independent assurance report.

Our conclusion on the consolidated sustainability reporting included in the section "Consolidated non-financial statement" does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our limited assurance engagement of the consolidated sustainability reporting included in the section "Consolidated non-financial statement" our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated sustainability reporting included in the section "Consolidated non-financial statement" or our knowledge obtained in the limited assurance engagement, 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.

RESPONSIBILITIES OF MANAGEMENT

Management is responsible for the preparation of the sustainability statement including developing and performing the Materiality Assessment Process pursuant to the applicable requirements and standards. This responsibility includes

- identifying actual and potential impacts as well as risks and opportunities related to sustainability aspects and assessing the materiality of these impacts, risks and opportunities
- preparing the sustainability reporting included in the section "Consolidated non-financial statement" complying with the requirements of Article 29a of the Directive 2013/34/EU, including compliance with the ESRS,
- including disclosures in the sustainability statement in accordance with the EU Taxonomy Regulation as well as
- designing, implementing and maintaining such internal controls as management determines is relevant to enable the preparation of sustainability reporting included in the section "Consolidated non-financial statement" that is free from material misstatements, whether due to fraud or error, and performing the Materiality Assessment Process pursuant to the requirements of the ESRS.

Furthermore, this responsibility includes the selection and application of appropriate methods regarding sustainability reporting as well as making assumptions and estimates on the individual sustainability disclosures appropriate under the given circumstances.

INHERENT LIMITATIONS FOR THE PREPARATION OF THE SUSTAINABILITY REPORTING

When reporting on future-oriented information, the Company is required to prepare this future-oriented information based on disclosed assumptions about events that may occur in the future as well as possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

When determining disclosures pursuant to the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Undefined legal terms may be interpreted differently, also regarding legal compliance of the interpretations, thus they are subject to uncertainties.

For reporting on greenhouse gas emissions, the scientific basis plays a decisive role. However, this may lead to challenges, in particular regarding the determination of emission factors, especially when these factors are required to combine emissions of different gases and describe them in a single unit of measurement such as CO2 equivalents. Therefore, incomplete scientific knowledge may lead to uncertainties in reporting.

AUDITOR’S RESPONSIBILITIES FOR THE ASSURANCE ENGAGEMENT OF THE CONSOLIDATED SUSTAINABILITY REPORTING

Our responsibility is to plan and perform a limited assurance engagement to obtain limited assurance about whether the consolidated sustainability reporting included in the section “Consolidated non-financial statement” including the comprised Materiality Assessment Process and the reporting pursuant to the EU Taxonomy Regulation is free from material misstatement, whether due to fraud or error, and to issue an independent assurance report that includes our conclusion. 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 the sustainability statement.

We exercise professional judgment and maintain professional skepticism throughout the limited assurance engagement.

Our responsibilities include:

- performing risk-based procedures comprising obtaining an understanding of internal controls relevant to this engagement in order to identify disclosures where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of expressing a conclusion on the effectiveness of the Group’s internal controls, and
- developing and performing procedures regarding disclosures in the sustainability reporting, where material misstatements are likely to arise.

The risks 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.

SUMMARY OF PERFORMED WORK

A limited assurance engagement requires performing procedures to gain evidence on the sustainability reporting included in the section “Consolidated non-financial statement”. The nature, timing and scope of the selected procedures depend on professional judgement including identifying disclosures in the sustainability reporting where material misstatements are likely to arise, whether due to fraud or error.

In our limited assurance engagement regarding the sustainability reporting in the section "Consolidated non-financial statement" we proceed as follows:

- We obtain an understanding on the Materiality Assessment Process, especially through:
    - interviews, to understand the information sources used by management; and
    - reviewing the internal process documentation; and
- We evaluate whether the Materiality Assessment Process complies with the ESRS requirements and the process presentation in disclosure "IRO-1 Description of the Process to Identify and Assess Material Impacts, Risks and Opportunities", based on the evidence obtained from our procedures performed.
- We evaluate whether all relevant information identified in the Materiality Assessment Process were included in the sustainability statement.
- We obtain an understanding of the Company's procedures relevant for the preparation of the sustainability statement.
- We evaluate whether the structure and presentation of the consolidated sustainability reporting included in the sustainability statement comply with the ESRS.
- Regarding the linkage with other parts of the corporate reporting and connected information, we compare selected disclosures in the sustainability statement with the corresponding disclosures in the management report for the Group and the other sections of the management report for the Group.

- We interview relevant employees and perform analytical audit procedures regarding selected disclosures in the sustainability statement.
- We perform sample-based, result-oriented procedures regarding selected disclosures in the sustainability statement.
- We obtain evidence on the presented methods regarding the development of estimates and future-oriented information.
- We obtain an understanding of the procedure to identify taxonomy-eligible and taxonomy-aligned economic activities and of the preparation of the corresponding disclosures in the sustainability statement.

LIMITED LIABILITY

The limited assurance engagement of the sustainability statement is voluntary. In case of liability, possible negligence of the Company subject to the limited assurance engagement, its management and agents is to be considered as agreed. Because our report is prepared solely for and on behalf of the client, it does not constitute a basis for any reliance on its contents by third parties. Therefore, no claims of third parties can be derived from it.

Our independent assurance report is issued based on the engagement letter agreed with the Company and is governed by the General Conditions of Contract for the Public Accounting Professions (AAB 2018) enclosed to this report, which also apply towards third parties.

Deviating from item 7 para. 2 AAB 2018, our liability for gross negligence to the Company is limited to half of the liability limit, thus to EUR 6 million, pursuant to section 275 para. 2 UGB corresponding to the Company's size criteria based on the size criteria pursuant to section 221 UGB.

RESPONSIBLE ENGAGEMENT PARTNER

Responsible for the proper performance of the limited assurance engagement of the sustainability reporting is Mr. Peter Pessenlehner, Austrian Certified Public Accountant.

Vienna
March 5, 2025

PwC Wirtschaftsprüfung GmbH

Peter Pessenlehner
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the sustainability reporting included in the section "Consolidated non-financial statement" together with our independent assurance report is only allowed if the sustainability reporting included in the section "Consolidat-ed non-financial statement" is identical with the German audited version. This independent assurance report is only applicable to the German and complete sustainability statement. For deviating versions, the provisions of section 281 para. 2 UGB apply.

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board performed the tasks required of it by law and the Articles of Association in the 2024 financial year. It held four ordinary meetings on March 6, June 14, September 25 and December 12, 2024, in each case with the participation of the Executive Board. In addition, the Executive Board provided the Supervisory Board with regular written and verbal reports on the course of business and the situation of the company and the group companies. The Chairman of the Supervisory Board was in regular contact with the Executive Board – also outside the Supervisory Board meetings – and discussed the company's strategy, business development and risk situation with it.

In addition to current development and planning, in the 2024 financial year the Supervisory Board dealt with the geopolitical and economic conditions, such as those related to the Ukraine crisis and the challenges arising from economic, price, and interest rate developments, major investment and divestment decisions, strategic partnerships, various integration, restructuring, and expansion projects, the strategy in individual segments, the sustainability strategy and reporting, developments in group-wide risk management, as well as the associated economic, ecological, and social risks.

Furthermore, three Audit Committee meetings were held in 2024, at which the Audit Committee focused on the 2024 annual financial statements, the internal control system, risk management, IFRS and accounting issues, internal auditing, and supervision of the auditor.

In 2024, the Nomination Committee primarily focused on the collaboration and working methods of the Executive Board, as well as issues related to the appointment and succession in the Supervisory Board during its one meeting.

The Compensation Committee held one meeting in 2024, focusing on the compensation of the Executive Board members, addressing a modification of the remuneration policy and the preparation of the remuneration report for the 2024 Annual General Meeting.

The Digital Committee deals in depth with digital technologies and the preparation of related reporting and resolution items for the Supervisory Board and held two meetings in 2024.

For further details of the composition and working methods of the Supervisory Board and its committees, please refer to the Corporate Governance Report 2024.

The annual financial statements of PALFINGER AG as of December 31, 2024 and the management report for 2024, in accordance with Section 267a of the Austrian Commercial Code (UGB), were audited by PwC Wirtschaftsprüfung GmbH, including the bookkeeping. The audit showed that the bookkeeping, the annual financial statements and the management report of PALFINGER AG comply with the statutory provisions and that the provisions of the Articles of Association have been observed. According to its final results, the audit gave no cause for objection, so that an unqualified audit opinion was issued by the auditing company for 2024. This also applies to the consolidated financial statements for 2024. The consolidated financial statements prepared in accordance with IFRS (as adopted by the EU) were supplemented by the group management report and further notes in accordance with Section 245a of the Austrian Commercial Code.

The Supervisory Board approved the annual financial statements prepared as of December 31, 2024, including the management report and corporate governance report for the 2024 financial year. The 2024 annual financial statements of PALFINGER AG have thus been adopted in accordance with section 96 (4) of the Austrian Stock Corporation Act. The Supervisory Board declared its agreement with the consolidated financial statements and group management report 2024 prepared in accordance with Section 244 et seq. of the Austrian Commercial Code. The Executive Board's proposal for the distribution of profits for the 2024 financial year was examined and approved by the Supervisory Board.

The evaluation of the company's compliance with the rules of the Austrian Corporate Governance Code (ÖCGK) in fiscal year 2024 was carried out by PwC Wirtschaftsprüfung GmbH. It was confirmed that the declaration made by PALFINGER AG on compliance with the Corporate Governance Code reflects the actual circumstances. Compliance with Rules 77 to 83, insofar as they are C-Rules, was evaluated by Schönherr Rechtsanwälte GmbH.

The Supervisory Board would like to express its gratitude and appreciation to the members of the Executive Board and to all PALFINGER employees for their great commitment and outstanding performance in the 2024 financial year.

Bergheim, March 5, 2025

Hubert Palfinger

GENERAL INFORMATION

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Published on March 05, 2025

PALFINGER AG
Austria, Bergheim

- 100% **PALFINGER EMEA GmbH** – Austria, Bergheim
  - 65% **EPSILON Kran GmbH** – Austria, Salzburg – 35% Steindl Holding GmbH
  - 45% **STEPA Farmkran GmbH** – Austria, Elsbethen – 55% STEINDL KRANTECHNIK GmbH
  - 100% **PALFINGER Europe GmbH** – Austria, Salzburg
  - 100% **PALFINGER Lifting Solutions Italy S.r.l.** – Italy, Bozen
  - 100% **PALFINGER Germany Beteiligungs GmbH** – Germany, Ganderkesee-Hoykenkamp
  - 100% **PALFINGER Tail Lifts GmbH** – Germany, Ganderkesee-Hoykenkamp
  - 90% **PALFINGER Platforms GmbH** – Germany, Löbau – 10% PALFINGER Europe GmbH
  - 90% **PALFINGER GmbH** – Germany, Ainring – 10% PALFINGER Europe GmbH
  - 100% **PALFINGER Hayons S.A.S.** – France, Silly en Gouffern
  - 100% **Guima PALFINGER S.A.S.** – France, Caussade
  - 48,94% **PALFINGER France S.A.S.** – France, Étoile sur Rhône – 51,06% Group Vincent et.al.
  - 100% **PALFINGER AB** – Sweden, Haninge
  - 100% **Hinz Fastighets AB** – Sweden, Borlänge
  - 99% **Handelsbolaget Bunsön 7:1** – Sweden, Borlänge – 1% Hinz Fastighets AB
  - 100% **PALFINGER Tail Lifts Limited** – United Kingdom, Welwyn Garden City
  - 100% **PALFINGER Danmark AS** – Denmark, Middelfart
  - 100% **PALFINGER Produktionstechnik Bulgaria EOOD** – Bulgaria, Cherven Brjag
  - 60% **Nimet Srl** – Romania, Lazuri – 40% Samy Numan
  - 100% **PALFINGER GBS BULGARIA EOOD** – Bulgaria, Sofia
  - 100% **PALFINGER proizvodnja d.o.o.** – Slovenia, Marburg
  - 100% **PALFINGER proizvodna tehnologija Hrvatska d.o.o.** – Croatia, Delnice
  - 100% **PALFINGER proizvodnja d.o.o.** – Serbia, Nis
  - 100% **PALFINGER Poland sp.z.o.o** – Poland, Solec Kujawski
  - 100% **PALFINGER Ibérica Maquinaria, S.L.U.** – Spain, Madrid
  - 100% **PALFINGER comércio e aluguer de máquinas, S.A.** – Portugal, Samora Correira
  - 100% **PALFINGER Canarias Maquinaria S.L.** – Spain, Las Palmas de Gran Canaria
  - 100% **Elesa centro de montaje y servicios, S.A** – Spain, Madrid
  - 100% **INMAN AO** – Russia, Ischimbai
  - 51% **PALFINGER Kama Cylinders OOO** – Russia, Neftekamsk – 49% KAMAZ PAO
  - 49% **Crane Center Kamaz OOO** – Russia, Nabereschnyje Tschelny – 49% KAMAZ PAO, 2% Anton Syreischikov
  - 100% **PALFINGER Crane Rus OOO** – Russia, St. Petersburg
  - 75,03% **Podyomnie Maschini AO** – Russia, Velikiye Luki – 24,97% Steindl PM GmbH
  - 100% **SMZ OOO** – Russia, Arkhangelsk
  - 100% **Velmash-S OOO** – Russia, Velikiye Luki
- 100% **PALFINGER Area Units GmbH** – Austria, Salzburg
  - 100% **PALFINGER Americas GmbH** – Austria, Salzburg
  - 70% **Andrés N. Bertotto S.A.I.C. (Hidro-Grubert)** – Argentina, Río Tercero – 30% Familie Bertotto
  - 99,91% **Madal PALFINGER S.A.** – Brazil, Caxias do Sul – 0,09% Retail Shareholders
  - 100% **PALFINGER, Inc.** – Canada, Niagara Falls
  - 100% **PALFINGER US Holdings, Inc.** – USA, Schaumburg
  - 100% **PALFINGER Marine USA Inc.** – USA, New Iberia
  - 100% **PALFINGER Interlift, LLC** – USA, Cerritos
  - 100% **Omaha Standard, LLC** – USA, Council Bluffs
  - 100% **PALFINGER USA, LLC** – USA, Tiffin
  - 100% **Harding Safety Panama** – Panama, Panama City
  - 100% **Equipment Technology, LLC** – USA, Oklahoma City
  - 100% **PALFINGER North America, LLC** – USA, Schaumburg
  - 100% **Palfinger USA Operations, LLC** – USA, Wilmington
  - 99,99% **PALFINGER India Pvt. Ltd.** – India, Chennai – 0,01% PALFINGER Asia Pacific Pte. Ltd.
  - 100% **PALFINGER Asia Pacific Pte. Ltd.** – Singapore, Singapore
  - 100% **PALFINGER Vietnam Co. Ltd.** – Vietnam, Ho Chi Minh City
  - 100% **PALFINGER Trading (Shanghai) Co., Ltd.** – China, Shanghai
  - 100% **PALFINGER Equipment (Nantong) Co., Ltd.** – China, Nantong
  - 50% **Sany PALFINGER SPV Equipment Co., Ltd.** – China, Nantong – 50% SANY Automobile Hoisting Machinery Co Ltd.
  - 100% **PALFINGER Japan K.K.** – Japan, Yokohama
  - 100% **PALFINGER Taiwan Co., Ltd.** – Taiwan, Taipeh
  - 100% **Palfinger Marine Australia Pty Ltd.** – Australia, Winthrop
  - 100% **PALFINGER Korea Co., Ltd.** – South Korea, Seongnam-si
- 100% **PALFINGER S. Units GmbH** – Austria, Salzburg
  - 100% **PALFINGER s.r.l.** – Italy, Bozen
  - 50% **PALFINGER Sany International Mobile Cranes Sales GmbH** – Austria, Salzburg – 50% SANY Belgium Holding S.A.
  - 100% **PALFINGER SANY Cranes OOO** – Russia, Moscow
- 82,18% **STRUCINSPECT GmbH** – Austria, Vienna
- 33,33% **JETFLY Airline GmbH** – Austria, Hörsching – 33,33% Pierer Industrie et al AG; 30% FSS Vermögensverwaltungs GmbH; 3,33% Kletzmaier Beteiligungsverwaltungsgesellschaft m.b.H.
- 10% **KESTRELEYE GmbH** – Austria, Klagenfurt

Consolidated

Entities measured using equity method accounting and other equity interests

As at December 31, 2024

PALFINGER AG
Austria, Bergheim

- 100% **PALFINGER Marine GmbH**, Austria, Salzburg
  - 100% **PALFINGER Marine Netherlands B.V.**, Netherlands, Harderwijk
    - 100% **PALFINGER Marine Vietnam Co., Ltd.**, Vietnam, Hung Yen
    - 50% **Palfinger Neptune Marine Equipment Technology (Shanghai) Co., Ltd.**, China, Shanghai
      50% Jiangyin Neptune Marine Appliance Co. Ltd. (CN)
  - 100% **PALFINGER Marine Poland sp. z.o.o.**, Poland, Gdynia
  - 96,65% **PALFINGER Marine Do Brasil Ltda.**, Brazil, Rio de Janeiro
    3,35% PALFINGER Marine Safety AS
    - 99% **PALFINGER Marine Montagens Industriais do Brasil Ltda.**, Brazil, Porto Alegre
      1% Koch Metalúrgica Ltda.
  - 100% **PALFINGER Marine Rus OOO**, Russia, St. Petersburg
  - 100% **PALFINGER Tail Lifts s.r.o.**, Slovakia, Bratislava
  - 100% **PALFINGER Marine Norway Holding AS**, Norway, Nesttun
    - 100% **PALFINGER Marine Norway AS**, Norway, Nesttun
    - 100% **PALFINGER Marine Safety AS**, Norway, Seimsfoss
      - 100% **PALFINGER Marine Canada Inc.**, Canada, Langley
      - 100% **PALFINGER Marine LSE (Qingdao) Co., Ltd.**, China, Qingdao
      - 100% **PALFINGER Marine Hong Kong Limited**, China, Hongkong
      - 100% **PALFINGER Marine UK Limited**, United Kingdom, Gosport Hampshire
      - 100% **PALFINGER Marine DK AS**, Denmark, Munkebo
      - 100% **PALFINGER Marine Spain SL**, Spain, Cádiz
      - 100% **PALFINGER Marine Italy Srl**, Italy, Livorno
      - 100% **PALFINGER Marine Germany GmbH**, Germany, Dägeling
      - 100% **PALFINGER Marine Europe B.V.**, Netherlands, Schiedam
        - 100% **PALFINGER Marine Czech s.r.o.**, Czech Republic, Slaný
- 100% **PALFINGER systems units GmbH**, Austria, Salzburg
  - 100%* **Mega Repairing Machinery Equipment LLC**, United Arab Emirates, Dubai
  - 100%* **Megarme Inspection & Engineering Services LLC**, United Arab Emirates, Dubai
  - 100%* **Megarme General Contracting Company LLC**, United Arab Emirates, Abu Dhabi
  - 100%* **PALFINGER Marine Doha WLL**, Qatar, Doha

☐ Consolidated
☐ Entities measured using equity method accounting and other equity interests
* Some shares held in trust

As at December 31, 2024

FINANCIAL CALENDAR 2025

MARCH 06	—	Balance sheet press conference 2024
APRIL 03	—	Annual General Meeting
APRIL 07	—	Ex-dividend date
APRIL 08	—	Dividend record date
APRIL 10	—	Dividend payment date
APRIL 25	—	Publication of results Q1/2025
JULY 25	—	Publication of results HY/2025
OCTOBER 27	—	Publication of results Q1-3/2025

Additional dates such as trade fairs will be announced on the website.

Investors and other interested parties who wish to receive regular news about the PALFINGER Group may register for the info service on the PALFINGER website.

The PALFINGER Investor Relations app is also available for download on the Company‘s website as well as in leading app stores.
↗ www.palfinger.ag/en/investors; www.palfinger.ag/en/investors/ir-service

PALFINGER

PALFINGER AG
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