ANNUAL-REPORT 2025

CONTENTS

KEY FIGURES OF THE PALFINGER GROUP

EUR thousand	2021	2022	2023	2024	2025
Income statement					
Revenue	1,841,533	2,226,241	2,445,852	2,359,843	2,339,288
EBITDA	243,702	229,555	302,873	277,045	269,087
EBITDA margin	13.2%	10.3%	12.4%	11.7%	11.5%
EBIT	155,023	150,399	210,195	185,628	174,328
EBIT margin	8.4%	6.8%	8.6%	7.9%	7.5%
Earnings before income tax	143,602	133,682	173,370	141,967	138,358
Consolidated net result	86,563	71,372	107,673	100,018	96,683
Balance sheet					
Net working capital (average)	361,991	423,408	489,540	485,581	431,627
Capital employed (average)	1,051,982	1,187,463	1,334,080	1,400,592	1,398,346
Equity	613,857	674,873	715,517	753,067	919,178
Equity ratio	36.3%	34.5%	34.7%	35.3%	42.9%
Net debt	476,569	609,627	668,083	662,419	459,941
Gearing	77.6%	90.3%	93.4%	88.0%	50.0%
Cash flows and investments					
Cash flows from operating activities	87,408	46,148	186,661	228,003	255,526
Free cash flow	(42,097)	(29,443)	46,521	119,520	181,454
Net investments[1]	121,820	129,038	173,539	155,783	121,202
Depreciation, amortization and impairment	88,679	79,156	92,678	91,417	94,760
Value creation					
ROCE	11.2%	9.4%	11.5%	10.3%	9.5%
ROE	17.6%	15.4%	18.1%	15.1%	12.6%
EVA	51,623	45,492	74,288	65,810	41,743
WACC	6.3%	5.6%	6.0%	5.6%	6.6%
Employees					
Number of employees[2]	11,733	12,210	12,728	12,358	12,058
Percentage of women[5]	13.3%	13.6%	12.9%	14.9%	15.4%
Employee turnover[5]	17.1%	16.5%	15.5%	19.0%	14.8%
Environment					
CO2 emissions from production in tonnes[6]	37,392	37,155	36,695	30,250	29,522
Direct emissions from combustibles and fuels (Scope 1)	20,160	18,850	19,019	18,885	18,673
Indirect emissions from electricity and purchased energy sources (Scope 2) [6]	17,232	18,305	17,676	11,365	10,849
Share					
Market capitalization[4]	1,293,208	889,081	947,350	739,835	1,253,735
Price as at year-end (EUR)	34.40	23.65	25.20	19.68	33.35
Earnings per share (EUR) [7]	2.31	2.05	3.10	2.88	2.69
Dividend per share (EUR)	0.77	0.77	1.05	0.90	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) Until 2023 data exclusive CIS region
6) Retrospective correction (non financial report E1-6)
7) Calculated using the weighted average number of shares outstanding.

AT A GLANCE

PALFINGER Group in Bergheim near Salzburg, Austria

1932 founded as a family business

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

On the **stock exchange** since 1999

79
companies

12,058
employees

34
countries

30
production & assembly locations

Sales and service network

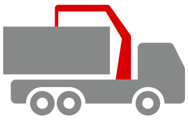
>130
countries

≈ 200
independent general importers

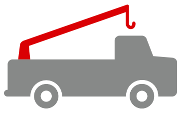
revenue

EUR 2,339.3 million

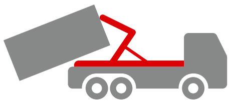
PRODUCT SOLUTIONS



LOADER
CRANES

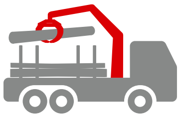


SERVICE
CRANES

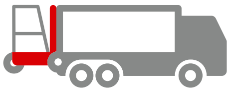


HOOKLOADERS
SKIPLOADERS

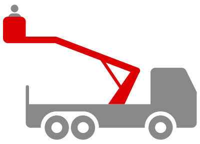
RAILWAY
SYSTEMS



TIMBER AND
RECYCLING



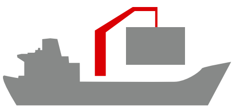
TRUCK MOUNTED
FORKLIFTS



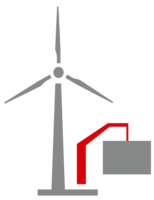
AERIAL WORK
PLATFORMS

TAIL LIFTS

DIGITAL
SOLUTIONS

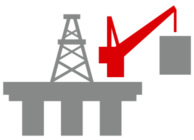


MARINE CRANES

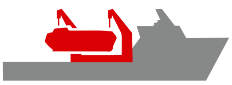


WIND CRANES

WINCHES, LIFTING
AND HANDLING
EQUIPMENT



OFFSHORE
CRANES



BOATS AND
DAVITS

SLIPWAY
SYSTEMS

SIGNIFICANT EVENTS 2025

New corporate strategy

With Reach Higher, PALFINGER's new Strategy 2030+, the group provides a clear response to the rapid changes of the recent years. At the same time, the strategy establishes the foundation not only to react but to actively shape the future in a dynamic environment. The three strategic directions – Lifting Customer Value, Balanced Growth, and Execution Excellence – set the course. 18 strategic programs, five of which have been identified as "Must-Win Actions Fields", from the basis for achieving these goals and, together with an even stronger brand and culture, fulfilling PALFINGER's promise of LIFETIME EXCELLENCE.

Placement of treasury shares

PALFINGER placed treasury shares with a volume of EUR 100 million. The transaction was oversubscribed multiple times, expanded PALFINGER's free float, which is currentyl at 43.8 percent, secured funds for strategic investments, and significantly increased equity of PAFLINGER. This performance reflects PALFINGER's consistently strong development in the stock market. Together with the significant increase in free float and trading volume of the share, the likelihood of inclusion in the Austrian benchmark index, the ATX, has increased.

Sales and service network

PALFINGER continued to expaned its international sales and service network during the reporting year. A new MARINE site was opened in Singapore, a spare parts hub in North America, and an expanded, modernized site launched in Germany. In 2025, construction started on a new sales and service center in Madrid.

Trade fairs and new products

With 180 experts and 30 products and services – including world premiers such as the PK 880 TEC loader crane and the PT28 aerial work platform – PALFINGER showcased its innovations at bauma, the world's leading trade fair in Munich. Over seven days, around 100,000 visitors explored the PALFINGER exhibition area, where, for the first time, the focus was placed on service. Furthermore, PALFINGER MARINE presented products and technologies for the aquaculture industry at the Aquanor trade fair in Trondheim. Additionally, PALFINGER introduced new products and innovations at EXCON in India. The strong presence at international exhibitions and the wide range of new products highlight PALFINGER's strength in innovation and successful product development.

Volatile US tariff policy

Throughout the reporting year, the U.S. tariff policy was characterized by a series of expansions and adjustments to its existing framework, resulting in limited planning reliability for globally operating industrial companies. In particular the tariffs imposed on steel, aluminum, and certain finished products under Section 232 affected PALFINGER's costs as well as procurement and manufacturing processes.

LETTER FROM THE EXECUTIVE BOARD

Dear readers,

2025 was a year in which we established critical pathways for our future and achieved significant targets. Despite an increasingly volatile global landscape, geopolitical tensions, and the emergence of new trade barriers, PALFINGER recorded revenue of EUR 2.34 billion, an EBIT of EUR 174.3 million, an EBIT margin of 7.5 percent, and a free cash flow of EUR 181.5 million. Our balance sheet structure demonstrates particular strength: at 42.9 percent, the equity ratio reached its highest level since 2013, while net financial debt decreased to EUR 459.9 million. This performance underscores PALFINGER's financial stability and resilience.

Our diversification is a key driver of our resilience. With a broad positioning – both in our product portfolio and our geographical footprint – we are able to serve a wide variety of customer segments and markets across the globe.

With our new Strategy 2030+ – Reach Higher – we are setting the course to future-proof PALFINGER. The world is changing faster than ever before. Recognizing the accelerating pace of change, we expanded our existing strategy in 2025 to not only react to this dynamic environment, but to proactively shape it. Reach Higher defines three strategic directions – Lifting Customer Value, Balanced Profitable Growth, and Execution Excellence – which are supported by a total of 18 strategic programs. At the same time, we strengthened PALFINGER's culture and brand through our commitment to LIFETIME EXCELLENCE – because we firmly believe that the synergistic integration of strategy, culture, and brand generates positive impact at every level.

2025 was also a year of exceptional success on the capital market. PALFINGER placed treasury shares with a total volume of EUR 100 million. The transaction was oversubscribed multiple times, significantly strengthening PALFINGER's equity and increasing its free float. The strong upward trend in PALFINGER's share price, coupled with an increased trading volume, highlights PALFINGER's sustained performance and opens up realistic prospects for inclusion in the benchmark index ATX.

The proceeds from the placement will support the implementation of strategic investments, with a particular emphasis on expanding the after-sales business. Construction of a new sales and service hub has commenced in Madrid, Spain. Additionally, in the second half of the year, the spare parts hub for North America was launched in Illinois, United States. Construction of another site in Munich, Germany, is scheduled to begin in the first quarter of 2026. At the same time, PALFINGER's production network is set for expansion. In Ormož, Slovenia, construction of a new production facility is planned to start in the first quarter of 2026, and plans are also underway for the development of an assembly plant including R&D hub in India.

Visibility currently extends slightly beyond the first half of 2026, but remains limited for the full year due to the prevailing global economic conditions. The further recovery of the European economy, alongside developments in the US economy, will be decisive for the second half of the year. With the launch of Reach Higher – our new Strategy 2030+ – we are well-prepared to reach our new targets. PALFINGER's goal is to achieve more than EUR 3 billion in revenue, an EBIT margin of 12 percent, and 15 percent ROCE by 2030.

Thank you for your continued trust. Together, we remain dedicated to continuing our successful path forward.

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 share price: significant gain by 69.5 percent (ATX: 45.4 percent)**
- **Dividend of EUR 0.90 per share will be proposed to the Annual General Meeting on April 8, 2026**
- **Placement of treasury shares (2,826,516) through accelerated bookbuiling (ABB) increases free float**

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

To further enhance shareholder value, PALFINGER established a Stock Market Board in the 2025 financial year, convening quarterly. This committee deepens the strategic dialogue with capital market participants, thereby contributing to PALFINGER AG's sustainable positioning in the capital market.

In the 2025 financial year, the Executive Board and the Investor Relations (IR) team kept investors and analysts informed about PALFINGER's business development and strategic initiatives through numerous IR calls. Investor conferences and roadshows, both in-person 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, the Austrian Stock Market Day, also in Vienna, and the Geldtag event by Oberösterreichische Nachrichten in Linz, Austria, engaging directly with a broad range of private investors.

The PALFINGER Capital Markets Day 2025 was held on October 10 in Vienna. The event focused on the Executive Board's presentations on the new Strategy 2030+. The management provided insights into the core strategic directions of the Strategy 2030+, which is designed to address the current market environment, and also outlined the 18 programs underlying the strategy and the newly set financial targets for 2030. The event also featured deep-dive sessions, facilitating a focused dialogue with investors, analysts, and representatives of the banking sector and ensuring comprehensive responses to their questions.

On July 28, 2025, PALFINGER successfully placed 2,826,516 treasury shares, representing 7.5 percent of its share capital, with global institutional investors through an accelerated private placement (accelerated bookbuilding). The placement price per share was EUR 35.40. The total placement volume amounted to EUR 100 million. The transaction was oversubscribed multiple times and closing occurred on July 31, 2025. The placement increased the free float of PALFINGER's share capital, it is currently 43.8 percent. This will improve the share's liquidity and appeal in the market, thereby increasing the prospects for re-inclusion in the benchmark index ATX.

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 economic environment and market sentiment in 2025 were heavily shaped by US tariff developments. At the same time, geopolitical tensions persisted, notably in relation to the Russia-Ukraine conflict and the ongoing military conflicts in the Middle East. These factors contributed to increased volatility across currency, commodity, and stock markets, thereby amplifying uncertainties surrounding the global growth outlook. Despite these challenging conditions, international stock markets demonstrated considerable robustness. Declining inflation rates and the monetary policy decisions of leading central banks provided support, while hopes for a de-escalation of geopolitical conflicts and advancements in trade relationships offered additional momentum. Overall, the 2025 stock market environment was characterized by selective risk aversion, but maintained a solid price performance.

The PALFINGER share started 2025 with an opening price of EUR 19.68 and already reached its annual low of EUR 19.26 on January 10. From late January to late March, the share then witnessed a consistent upward trend. April saw a temporary decline in the share price, attributed to the uncertainties surrounding the tariff policies implemented by the US administration under President Trump. This was followed by a significant upward trend, which continued until the end of July and the private placement of treasury shares. The annual high was reached on July 17, 2025, with a closing price of EUR 39.50. With a year-to-date performance of over 100 percent the PALFINGER share was included in the "Club 100" of the Vienna Stock Exchange. The beginning of August introduced an increasingly volatile outlook for the core European markets, further exacerbated by US tariffs, in particular Section 232, which impacted the further share price development.

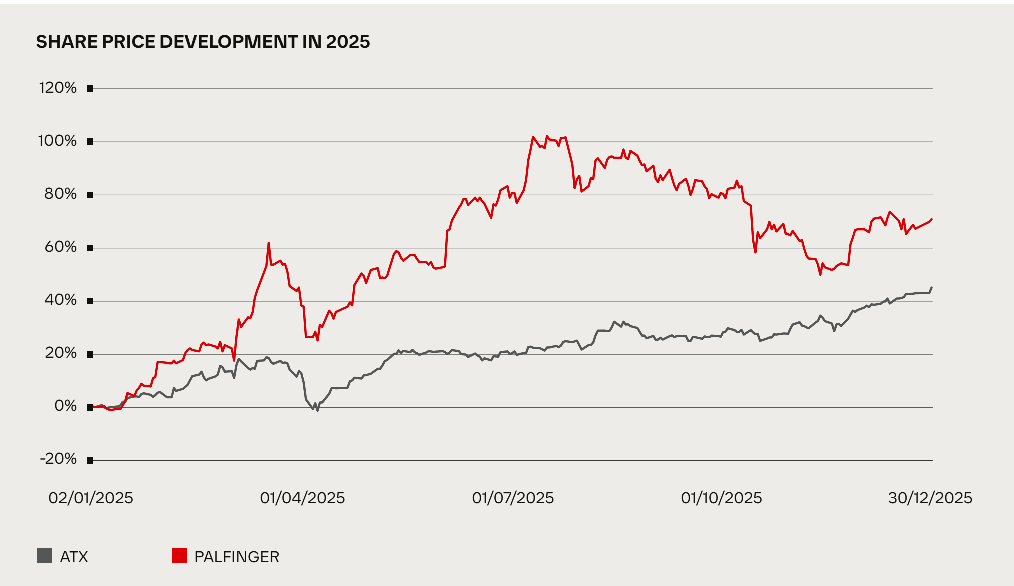
The PALFINGER share ended the stock market year on December 30, 2025, with a closing price of EUR 33.35, corresponding to an annual gain of 69.5 percent. The ATX ended the stock market year with a gain of 45.4 percent. In December, the financial magazine Börsianer ranked PALFINGER as the third top performer in the Small Caps category.

Shareholder information as at 31 December 2025

ISIN	AT0000758305
Number of shares issued	37,593,258
Shares outstanding	37,593,258
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	2023	2024	2025
Low	19.92	18.52	19.26
High	32.85	25.35	39.50
Average exchange rate	26.44	22.33	30.93
Price at year-end	25.20	19.68	33.35
Earnings per Share[1]	3.10	2.88	2.69
Operating cash flows per share[1]	5.37	6.56	7.11
Dividend per share	1.05	0.90	0.90[2]
Dividend yield in relation to the average share price	4.0%	4.0%	2.9%
Market capitalization as at year-end (EUR million)[3]	947.35	739.84	1253.74

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.



RESEARCH REPORTS

- Berenberg Bank
- Deutsche Bank
- Erste Group
- Kepler Cheuvreux
- ODDO BHF
- RBI

ANALYSES

In 2025, six analysts covered PALFINGER AG's shares. At the end of the year, the analyst consensus on the price target was EUR 43.40. In the course of these analyses, five buy recommendations and one outperform recommendation were issued for the PALFINGER share. Since February 2025, ODDO BHF also covers the PALFINGER share.

RATINGS

Regular assessments by leading ESG rating agencies identify PALFINGER as an opportunity for sustainability-oriented investors. The VÖNIX sustainability index rated PALFINGER in 2025/26 as a B sustainable company. The Carbon Disclosure Project (CDP) 2025 survey also resulted in a B rating.

EQUITY STORY

The equity story of PALFINGER AG is based on four key pillars: industry leadership, resilience, growth, and profitability. With its extensive product range, global presence, and diversification across industries, PALFINGER demonstrates exceptional resilience and a strong emphasis on local value creation. PALFINGER has significant potential to increase its profitability through digitalization, standardization, and optimization of its footprint. As a industry and innovation leader, PALFINGER leverages intelligent technologies, thereby creating added value for its customers on a daily basis. At the same time, the growth momentum in Europe, along with the focus on North America, Asia-Pacific, and the Marine sector, supplemented by the expansion of the service business, position PALFINGER for sustainable growth.

DIVIDENDS

PALFINGER AG pursues a continuous dividend policy. Under this policy, approximately one-third of annual profit is to be distributed to shareholders. In 2025, the consolidated net profit of PALFINGER AG amounted to EUR 96.7 million. The PALFINGER Executive Board and Supervisory Board will propose a dividend of EUR 0.90 (2024: EUR 0.90) per share at the Annual General Meeting to be held on April 8, 2026.

OWNERSHIP STRUCTURE

PALFINGER AG has a stable core shareholder in the Palfinger family, which directly or indirectly holds around 56.2 percent of the shares and is also represented on the Supervisory Board. Until August 2025, PALFINGER held treasury shares representing 7.5 percent of its share capital, which were subsequently placed on the capital market on July 28, 2025 through an accelerated private placement (ABB) at a price of EUR 35.40 per share. Closing occurred on July 31, 2025. As a result, the free float of PALFINGER's share capital increased, it is currently 43.8 percent. 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.

EXECUTIVE SUMMARY NON-FINANCIAL REPORT

PALFINGER's sustainability strategy is an integral part of the corporate strategy and contributes to securing long-term innovation, stability, and sustainable growth. It is based on an analysis of the value chain and the results of the materiality analysis and is implemented in the strategic program “Sustainability as an Opportunity.” Five strategic fields of action – climate action, circular economy, people, values and culture, product safety, and governance and compliance – form the framework for the systematic integration of sustainability principles in all areas of the company.

The Sustainability Council acts as an interdisciplinary steering committee and ensures cross-divisional coordination of all sustainability issues. With the participation of executives from central global and corporate functions, it develops the sustainability strategy, defines targets and actions, and monitors their implementation. The council reports directly to the Executive Board, which in turn informs the Supervisory Board on a quarterly basis about progress and key sustainability issues.

ENVIRONMENT

CLIMATE CHANGE MITIGATION

As part of its climate mitigation activities, PALFINGER implements targeted actions to increase energy efficiency and reduce greenhouse gas emissions. These include regular energy efficiency analyses at its own sites, the continuous expansion of photovoltaic (PV) systems, and the implementation of site-specific action plans to reduce electricity and heat consumption. In addition, technological solutions are being developed in the product area that reduce energy consumption of PALFINGER products. This includes eco efficiency scoping, a structured analysis process that serves to identify opportunities for decarbonization in the product portfolio. Another example is the integration of load-sensing hydraulic systems, which regulate energy requirements according to demand, thereby reducing fuel consumption and CO_2 emissions. PALFINGER is also consistently driving forward the development of hybrid and electric drive systems for loader cranes and aerial work platforms, as well as the electrification of truck-mounted forklifts. These actions make a significant contribution to achieving the group-wide energy and environmental targets and to the gradual decarbonization of the value chain.

As part of a comprehensive climate risk analysis, PALFINGER systematically assessed physical and transition risks across various time horizons and climate scenarios. The analysis confirmed the resilience of PALFINGER's business model to potential developments that may occur in the course of climate change.

PALFINGER aims to reduce Scope 1 and Scope 2 emissions to 29,091 t CO_2e by 2030 compared to the base year 2022 (37,155 t CO_2e). The achievement of this target is based on a continuous increase in energy efficiency and the increased use of renewable energies, and is regularly reviewed as part of emissions reporting. The target applies to the entire PALFINGER Group and is defined as an absolute reduction target. In 2025, Scope 1 and Scope 2 emissions were already reduced by 2.4 percent compared to the previous year, mainly through energy efficiency measures and the expansion of PV systems at several locations.

Work is currently underway to develop a transition plan and set corresponding targets for Scope 3 emissions in order to increasingly include upstream and downstream stages of the value chain in decarbonization efforts in the future.

	2024	2025
Share of renewable sources in total energy consumption	45.3%	48.3%
Installed PV systems in kWp	1,100	1,237
Scope 1 GHG emissions in tons of CO_2e	18,885	18,673
Scope 2 GHG emissions (market-based) in tons of CO_2e	11,365	10,849
Significant Scope 3 GHG emissions[1] in tons of CO_2e	2,852,777	2,752,771
Total GHG emissions (market-related) in tons of CO_2e	2,883,027	2,782,293

1) 3.1 Purchased goods and services and 3.11 Use of sold products

CIRCULAR ECONOMY

PALFINGER is currently developing a strategy and policies for the circular economy. A comprehensive concept is not yet available, and the circular business models anchored in the 2030+ strategy are still under development. Work is currently underway to develop the corresponding concepts and goals.

PALFINGER is already promoting the circular economy and resource conservation through targeted actions. In addition to the ongoing initiative to extend the service life of products through maintenance, repair, and spare parts management, recyclable materials are also systematically supplied to certified recycling companies. Production waste and components that are no longer usable are collected separately and sent for recycling in order to close material cycles and reduce the environmental impact at the end of the product life cycle.

in percent	2024	2025
Amount of secondary, reused, or recycled materials in resource inflows as a percentage	39.9%	38.3%
Share of recyclable content in products and their packaging	96.9%	96.2%

SOCIAL

OWN WORKFORCE

In the reporting year, PALFINGER implemented several new measures to strengthen its corporate culture and promote health, safety, and diversity. The Mental Health Initiative introduced a comprehensive program to promote mental health and resilience. The Anti-Harassment Campaign raises employee awareness of respectful behavior and supports the prevention of harassment and discrimination. The Role Models Campaign strengthens an inclusive and equitable corporate culture by highlighting inspiring employees. In addition, succession planning was further developed to promote strategic succession planning and talent development within the PALFINGER Group.

PALFINGER pursues three strategic targets. The first of these is to keep the voluntary turnover rate below six percent in order to strengthen employee retention and satisfaction in the long term through targeted actions such as mobile working, the learning management system, and the mental health initiative. Secondly, PALFINGER aims to gradually align the proportion of women in top management with the overall proportion of women within PALFINGER Group in order to further expand diversity and equal opportunities in management positions. The third target is to reduce the accident rate (Total Recordable Injury Rate, TRIR) to 8.5 accidents per million working hours by 2028 and to continuously improve occupational safety throughout the PALFINGER Group.

The changes in key figures reflect organizational and structural developments in 2025. The slight increase in the accident rate (TRIR) is due to higher production capacity utilization and the onboarding of new employees. Employee turnover continued to decline and remained below the target value. The proportion of women rose as a result of personnel changes in management.

	2024	2025
Voluntary employee turnover	5.0%	4.5%
Percentage of female employees in top management	7.1%	9.1%
Total number of female employees	14.9%	15.4%
Gender pay gap	13.9%	14.6%
Reportable injury rate (TRIR)	8.43	9.17
Employees with regular performance and development reviews	31.7%	27.1%

WORKERS IN THE VALUE CHAIN

In the reporting year, PALFINGER established new priorities focusing on responsible procurement and labor and social standards in the value chain. A standardized template for reporting on conflict minerals in line with the Responsible Minerals Initiative framework was introduced across the organiszation. This template enables suppliers to report data on smelters and refiners in a standardized manner, creating transparency about the origin of minerals and facilitating the identification of human rights risks in the supply chain at an early stage. At the same time, a digital system for evaluating and monitoring suppliers was implemented. This Supplier Audit Management enables the structured recording and evaluation of sustainability criteria – including those relating to the environment, occupational safety, and human rights – thereby improving transparency and due diligence along the supply chain. Work is currently underway to define specific, measurable targets for workers in the value chain.

GOVERNANCE

In the area of governance, PALFINGER relies on clear and binding standards for legally compliant, ethical, and sustainable conduct. These principles also reflect the values of PALFINGER's corporate culture – REACH UP, REACH OUT, and REACH BEYOND – as well as the PALFINGER guiding principle "BEING BETTER," which underscores the constant pursuit of improvement and responsible conduct. Building on this, the previous leadership principles have been developed into leadership competencies, which define uniform expectations for managers and promote responsible conduct across the organization. They form the basis for a consistent and value-oriented leadership culture that strengthens transparency, integrity, and accountability. The Code of Conduct defines these principles for all employees worldwide, while the Code of Conduct for Business Partners ensures compliance with human rights, fair working conditions, business ethics, and environmental standards along the supply chain. Both guidelines strengthen transparency, integrity, and accountability and form the basis for an effective compliance and governance system.

Corruption prevention is a key component of corporate governance at PALFINGER and is regulated by the Code of Conduct and the Anti-Corruption Group Policy. This policy includes explicit prohibitions on bribery, kickbacks, and inappropriate gifts, and requires employees to undergo regular training. In addition, the Integrity Line, a globally accessible whistleblower system, allows the confidential reporting of potential violations. Through defined control, training, and reporting processes, PALFINGER proactively addresses corruption risks worldwide, ensuring their systematic identification and mitigation.

01

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT

STRATEGY AND CORPORATE MANAGEMENT

STRATEGY

- **Reach Higher: new Strategy 2030+**
- **Ambitious financial targets for 2030**
- **Consistent implementation monitoring**

BRAND AND IDENTITY

PALFINGER stands for LIFETIME EXCELLENCE, a promise to our customers, for decades. To sustain this promise in an increasingly volatile world, PALFINGER continuously evolving, technologically, organizationally and culturrally. Over the past 18 months, PALFINGER's brand, strategy, and corporate culture have undergone a profound evolution. Such an all-encompassing transformation reaches its full potential when identity (brand), behavior (culture), and direction (strategy) are viewed as an integrated whole.

In October 2025, PALFINGER published the results of this process, presenting its new strategy, along with its new brand positioning and the further development of its corporate culture:

Mission

PALFINGER provides state-of-the-art crane and lifting solutions – delivering exceptional performance and comprehensive service, supported by a global network of experts and over 50 years of technology leadership in the industry.

Identity

PALFINGER continuously improves – making its customers, partners, and employees more successful every day.

Brand Story

"We create lifting solutions that move our industry forward.
Built on a strong foundation of innovation, service and quality, our products and solutions set the standard – supporting our customers at every stage of their journey, all around the world.
We don't just meet expectations, we raise them.
Every solution we deliver is designed to go further, work smarter, and lift higher.
We believe that a step forward every day keeps us moving.
By bringing out the best in each other, we reach higher together.
This is how we evolve: by never standing still.
The biggest leaps start with the smallest steps and today is always the day when better begins.
We know that better is a marathon, and we are here for the long run."

Culture and Values

"Always better for Lifetime Excellence": The corporate culture is the driving force behind continuous improvement and the implementation of the strategy. Its foundation lies in the new corporate values: passionate, straightforward, and leading. These values provide orientation, shape mindset and actions, and define interactions with partners, customers, and suppliers. In addition, a new leadership competency model has been developed to support the cultural transformation.

REACH HIGHER – STRATEGY 2030+

The world is changing faster than ever before. With "Reach Higher," the new Strategy 2030+, PALFINGER anticipates global economic, geopolitical, and societal transformations, turning them into opportunities for innovation and growth. The goal of PALFINGER's growth strategy is to ensure long-term corporate success through consistent customer focus, sustainable and profitable growth, and greater efficiency.

The Strategy 2030+ focusses on three clearly defined strategic directions that provide guidance for all corporate decisions and actions.

Lifting Customer Value

PALFINGER is turning customers' needs into seamlessly integrated solutions.

PALFINGER understands its customers, knows their challenges and needs in detail. This knowledge is transformed into integrated solutions that make the customers' lives easier – throughout the entire product lifecycle – and make them successful. **PALFINGER creates added value.**

This is how PALFINGER strengthens:

- Customer proximity
- Technology leadership
- Industry leadership

Balanced Profitable Growth

PALFINGER's broad product portfolio and regional footprint enable balanced, profitable growth.

PALFINGER builds on its strengths: a global footprint and a diversified product portfolio. PALFINGER knows its potential –solutions and products across different market segments and regions. PALFINGER uses this knowledge to invest strategically to continue to achieve **balanced, profitable growth**.

This is how PALFINGER strengthens:

- Resilience
- Market capitalization
- Employer attractiveness

Execution Excellence

PALFINGER delivers outstanding performance and achieves even better results through efficient, optimized processes.

Excellence is PALFINGER's mission and goal.
PALFINGER sets benchmarks in its industry – from product development to service support. With a lean organization, standardized systems, comprehensive digitalization initiatives, and highly skilled employees, the company strives for excellence – **in all areas.**

This is how PALFINGER strengthens:

- Quality
- Productivity
- Delivery performance

18 STRATEGIC PROGRAMS ENSURE THE SUCCESS

18 strategic programs are assigned to the three strategic directions, ensuring the success of the Strategy 2030+. Five of these programs have been identified as must-win action fields and were prioritized accordingly:

Lifting Customer Value

Customer-oriented technology & industry leadership

PALFINGER understands its customers' challenges, and as a technology leader, shapes the future of the industry. With innovative solutions, PALFINGER increases value creation and maximizes its customers' productivity. PALFINGER sets new trends, expands technological possibilities, and translates customer needs into smart, market-relevant solutions. By broadening its product portfolio, PALFINGER enters new markets and strengthens its presence in existing ones. This is our understanding of coustomer proximity as a industry and technology leader.

Balanced Profitable Growth

Expansion of services & spare parts business

PALFINGER is there for its customers. No matter where, no matter when. PALFINGER takes a comprehensive approach to service: a highly qualified service and partner network guarantees maximum availability, ensures the supply of original spare parts, and offers comprehensive service packages, contracts, and digital features. This area is being continuously expanded, both on land and at sea. Service is the key to maximum performance throughout the entire lifecycle, ensuring sustainable success – for customers, partners, and PALFINGER itself.

Aerial work platforms as an key pillar

Driven by increasing global demand, notably in Europe, North America, and other emerging markets, the aerial work platforms product line offers strong potential for growth and value creation. Featuring a high-end design, top-quality steel and aluminum components, as well as digital assistance and sustainable drive systems, these platforms enable versitile application: safe, fast, and flexible at every level. PALFINGER leverages decades of expertise and its global network to meet specific regional customer needs, and consistantly expand both existing and new markets. This positions aerial work platforms as another key pillar of PALFINGER's product portfolio.

Execution Excellence

Optimization of the global supply chain

Stable and efficient supply chains are essential for securing growth, profitability, and a leading industry position. They must be customer-centric, resilient, and adaptable. PALFINGER's supply chain organization therefore focuses on advancing its manufacturing and assembly setup, inventory optimization, integrating end-to-end planning processes, reducing portfolio complexity, and optimizing logistics. This enables PALFINGER to achieve efficiency gains along the entire supply chain.

Optimization of process, system & data landscape

By harmonizing and optimizing processes, systems, and data, PALFINGER increases efficiency and transparency, enabling even more informed decision-making. This lays the foundation for the application of artificial intelligence, securing PALFINGER's long-term competitiveness.

In addition to the five must-win action fields (Customer-oriented technology & market leadership, Expansion of services & spare parts business, Aerial work platforms as a essential pillar, Optimization of the global supply chain and Optimization of process, system & data landscape), further 13 strategic programs form the foundation for achieving our goals.

STRATEGY IMPLEMENTATION MONITORING

As part of the implementation of the new group strategy, clearly definied governance principles form the foundation for effective management and performance control. They establish the organizational and cultural framework required for the consistent implementation of all strategic programs, thereby create sustainable value. The core principles are:

- **Clearly defined responsibilities** ensure that all stakeholders are aware of their roles and responsibilities, act with focus, and avoid misunderstandings at interfaces.
- **Transparency in content** based on clearly defined targets, actions, and resources enables effective collaboration throughout the group and ensures proactive identification and remediation of any deviations, risks, or bottlenecks.
- **Standardized reporting** ensures comparability, improves efficiency, and supports informed decision-making by documenting and evaluating progress and result in consistent formats.
- **Leveraging existing meeting structures** ensures the seamless integration of strategic topics into top management's key meetings, thereby enabling regular review cycles and the efficient allocation of resources.

BUSINESS MODELS

As part of the Strategy 2030+, PALFINGER continues to pursue four different business models. These business models specify value creation and respond to different market, customer and application needs:

- **Configured** is PALFINGER's core business model and defines global modular construction kit architectures. The goal is to develop building blocks that enable cost-efficient production at the highest quality combined with the ability to respond to specific customer needs regarding individual product specifications.
- **Standard** refers to the production of standardized solutions in high volumes with optimized costs and highest quality, based on modular construction kit architecture.
- **Customized** enables customer-specific design adaptions of configured solutions. Individual components, such as control panels and radio remote cntrols, or electrical power supply to the crane tip for operating special attachements, can be customized.
- **Project** enables new solutions based on specific customer and tender requirements, thereby expanding the solution portfolio. Individual, tailor-made solutions are developed for sepcialized demands, often in co-creatio with customers and partners. PALFINGER also leverages the pre-developed core concepts from the modular construction kit to use preconfigured systems wherever possible and produce optimally customized solutions for customers.

STRATEGIC OBJECTIVES AND PERFORMANCE MEASUREMENT

KEY STRATEGIC OBJECTIVES 2030

As part of the new Strategy 2030+, the group's key objectives have also been revised. These objectives are aligned with previously communicated indicators and serve as the primary metrics for performance measurement in relation to both external and internal stakeholders.

Revenue of more than EUR 3 billion through organic growth: PALFINGER is set to continue its growth trajectory over the coming years. Despite challenging economic and geopolitical market conditions, PALFINGER identifies sufficient potential for organic growth to achieve a revenue target of more than EUR 3 billion by 2030.

12 percent EBIT margin: Based on the additional opportunities identified in the new Strategy 2030+, particularly within the five key action fields, PALFINGER aims to increase profitability and achieve an EBIT margin of 12 percent by 2030.

15 percent ROCE: PALFINGER continues to practice stringent current capital management and focuses on an investment program centered on its core business. This ensures optimal use of non-current and current assets and serves to achieve a return on capital employed of 15 percent by 2030.

Free cash flow of at least EUR 150 million: By consistently implementing its strategy and maintaining a strict focus on operational excellence, PALFINGER intends to maintain a strong free cash flow in the years ahead.

Global market leader for crane and lifting solutions: The combination of customer-centricity and technology leadership across multiple product segments secures PALFINGER's position as the global number 1 for crane and lifting solution by 2030. The market position in growth products and in growth regions will be further expanded.

INTERNAL PERFORMANCE MEASUREMENT

To objectively and comprehensively measure the progress and performance of the group strategy, PALFINGER relies on a balanced set of twelve clearly defined key performance indicators (KPIs). These KPIs cover both financial and non-financial aspects, providing a comprehensive view of growth, profitability, efficiency, market position, customer satisfaction, and sustainability. By continuously monitoring these KPIs and directly linking them to the strategic programs, PALFINGER ensures that all strategic initiatives create value and contribute to achieving the groups' objectives by 2030.

- **Financial targets:** revenue, EBIT margin, ROCE, free cash flow, equity ratio, share price
- **Non-financial market-/customer-focused targets:** market leadership, customer satisfaction, delivery performance
- **Non-financial sustainability-focused targets:** employee engagement, CO_2 emissions, sustainable products

IMPLEMENTATION OF THE STRATEGY IN 2025

Parallel to developing the new Strategy 2030+ "Reach Higher", PALFINGER continued to advance its strategic initiatives during the reporting year, achieving significant milestones.

Lifting Customer Value

A main focus was placed on initiatives to strengthen PALFINGER's technology and industry leadership. An analysis in the area of Product Line Management & Engineering (PLM&E) identified additional opportunities for improving product development efficiency and reducing time to market.

With the launch of "CONNECTED as a Standard" in early 2025, a wide range of products are now equipped as standard with the digital platform PALFINGER CONNECTED. This establishes the technical foundation for a variety of digital business models. Numerous projects in the areas of automation, electrification, and data and simulation models are accelerating the further development of PALFINGER's product portfolio towards sustainable integrated solutions. Additionally, a new model series of truck-mounted forklifts for the European market was introduced in 2025. As part of the presentation of the new strategy, PALFINGER has also updated its brand positioning, preparing the launch of its new corporate identity and corporate design for the beginning of 2026. PALFINGER's new sustainability strategy was presented externally for the first time at the Capital Markets Day in October. A key focus of the strategy is on the circular economy.

Balanced Profitable Growth

Significant investments were made in the regions. In September, the new spare parts and logistics hub for North America was opened in Huntley, USA (NAM). In spring 2025, the Supervisory Board approved a new assembly plant in India. The acquisition of a suitable plot of land in Pune is nearing completion. Planning work for the new plant has begun, as have preparations for obtaining the necessary permits for the factory. As part of the Asia strategy, PALFINGER inaugurated its new engineering center in Pune in December and presented its India strategy at the EXCON trade fair in Bangalore. The launch of the TEC series elevated PALFINGER's product portfolio for aerial work platforms to a new technological level, particularly for the European market. In December, PALFINGER acquired a minority stake in the Norwegian marine crane manufacturer Storm. The goal of this strategic partnership is to broaden PALFINGER's marine crane portfolio and further solidify its position in the maritime sector.

Execution Excellence

With the rollout of SAP S/4 at two locations in the United States (NAM), PALFINGER has taken a significant step toward the standardization and optimization of data and processes. Data availability and cybersecurity along the entire value chain are crucial for executing PALFINGER's digitalization strategy. Progress in improving the balance sheet structure and focusing resource allocation has been achieved by the inclusion of a strategic majority owner in StrucInspect and divesting the Megarme business in Dubai. As part of the "Global Supply Chain Optimization" program, PALFINGER has advanced its operations footprint and reduced inventory levels.

OUTLOOK: MEDIUM-TERM IMPLEMENTATION OF THE STRATEGY THROUGH 2027

To secure PALFINGER's future growth, investment activities will be continued. As part of the "Reach Higher" strategy, the focus until 2027 will include the following key areas:

- Expanding PALFINGER' technology leadership through development of fully integrated and networked solutions
- Improving the integration of PALFINGER products into complete solution packages by investing in telematics connectivity
- Projects for creating digital twins to streamline processes from product development to aftermarket service (prototype construction, virtual testing, predictive maintenance)
- Strengthening the service and spare parts business by expanding the service network and other initiatives
- Further development of the dealer and partner network as the basis for a strong global market presence
- Expanding the production facilities in Ormož, Slovenia (EMEA) and Pune, India (APAC), along with strengthening the supply chain and supplier network (focus on India, China, United States, and Mexico)
- Strengthening the system and data landscape by advancing the rollout of SAP S/4 Hana based on a standardized template and a new PLM system (starting in 2026)
- Consistent implementation of the sustainability strategy across the five strategic fields of action
- Process optimization across all functions and regions

CORPORATE GOVERNANCE

- **Good corporate governance through organizational and procedural measures**
- **Quality organization further optimized**
- **Crisis task force established to address developments in US tariffs**

STRUCTURAL AND PROCESS ORGANIZATION

The GPO has enabled centralized functional management within the group. 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, Supply Chain Management, Controlling & Accounting, Human Resources, and Product Line Management & Engineering (PLM&E). Corporate functions cover Corporate Strategy, Innovation & Sustainability, Information and Communication Technology & GBS, Investor Relations, Legal Counsels, Marketing & Communications, Process & Data Management, Quality Management, Treasury, Taxes & Risk Management, Sales & Operations Planning, Data Protection Officer, Issuer Compliance, Internal Audit, and Governance & Compliance.

Global functions manage directly with disciplinary responsibility all the way down to the regions and local units. Corporate functions primarily act as centers of excellence with responsibility for providing group-wide governance and technical leadership for 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.

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 2025, with go-lives at two locations in the United States.

With the goal of sustainably increasing the quality of all PALFINGER products and solutions, PALFINGER's strategic initiative "Quality Leader" is emphasizing preventive quality management. The transfer process for matrix certifications was successfully continued in 2025. In the reporting year, PALFINGER directed its focus on developing an organizational set-up in the areas of quality management, environmental management, occupational safety, and energy management. The objective was to establish a centrally managed internal ISO audit management system, partnering with a global certification company. At the end of the reporting year, PALFINGER held a total of 96 certificates across 67 companies.

At PALFINGER, permanently established specialized committees serve as an additional management tool. These interdisciplinary committees discuss and deliberate 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 digitalization 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 as well as 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 & Accounting and Corporate Strategy, Innovation & 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, defines mitigation measures, and ensures the monitoring thereof. The risk management process therefore actively supports PALFINGER in meeting its targets. Risk management directs 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 risk management for all material risks and reported to the Executive Board and Supervisory Board on a quarterly basis.

PALFINGER's crisis management is directed by Governance & Compliance. PALFINGER defines a crisis as a serious incident with significant potential impact on the company. In crisis situations, the standard organization is supplemented and/or 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 Governance & Compliance to form a crisis task force. In response to the US tariffs, a crisis task force was established in 2025 with the objective of mitigating the negative financial impacts that emerged as a consequence.

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. G&C 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 G&C. The respective management is responsible for the content, topicality, implementation, and monitoring of the group policies. Internal Audit reviews policy design and implementation on a risk-oriented basis.

Based on these guidelines, processes are defined and process risks and controls are addressed. To ensure that key controls are implemented across all entities and processes, quarterly reporting also includes a review of the implementation status of accounting-related controlls.

The PALFINGER organization acts in accordance with the principles of dual-control and 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. PALFINGER has two 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 partners, 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. New mandatory compliance training programs focusing on anti-corruption, export controls, and anti-discrimination were published in 2025. In addition, G&C uses existing internal communication channels to communicate and provide training on current compliance topics and new developments within the organization.

PALFINGER defines a multi-level catalog of measures to prevent and detect violations of laws and group policies. An “Integrity Line” accessible through the corporate website, by email, telephone or in person enables named or anonymous reporting of possible violations. Reported violations are evaluated by G&C and Internal Audit. If any misconduct is identified, concrete measures to ensure compliance are agreed upon together with the responsible managers.

INTERNAL AUDIT

Internal Audit acts as the central point of contact for the Executive Board, providing 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, 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 Internal Audit. Reporting on audit results and measures is made to the 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 globally responsible central function Group Accounting is in charge of the group’s financial reporting. It defines standards, their application and interpretation of IFRS accounting standards in the group as well as group policies. Locally responsible Finance Business Partners and Global Business Services functions are activly supported 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

- **Highest equity ratio since 2013**
- **Net financial debt decreased by more than EUR 200 million**
- **Significant increase in free cash flow**

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. Indicators of medium and long-term success include tied-up capital, employee health and environmentally conscious business practices. The key figures for PALFINGER in 2025 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 2025, sales volumes decreased by -0.9 percent compared to the previous year, mainly due to the difficult economic conditions in the US and Russian markets. In order intake, PALFINGER achived an increase of over 10 percent compared to the previous year. The main driver was the market recovery in EMEA, with order intake rising by just under 20 percent. The EBIT margin fell to 7.5 percent. Average capital employed decreased to EUR 1,398.3 million due to the improvement in current cupital. ROCE reached 9.5 percent in the reporting period. Free cash flow increased significantly from EUR 119.5 million in 2024 to EUR 181.5 million in 2025. The reduction in working capital and the sale of treasury shares had a positive effect on net financial debt, which decreased significantly from EUR 662.4 million in the previous year to EUR 459.9 million in 2025.

In the reporting year, the absolute energy consumption decreased slightly to 209.5 million kWh compared to 214.3 million kWh in the previous year. Internal production-related CO_2 emissions (Scope 1 and 2) decreased from 30,250 t CO_2e in 2024 to 29,522 t CO_2e in 2025. The intensity ratio of greenhouse gas emissions for Scope 1 and 2 was 12,620 t CO_2e per billion EUR revenue in the reporting year 2025 (2024: 12,819 t CO_2e per billion EUR revenue). The TRIR accident rate increased to 9.17 (2024: 8.43). Voluntary turnover was at 4.5 percent in the reporting year representing a slight decrease from the previous year (2024: 5.0 percent).

REPORT ON THE DEVELOPMENT OF THE BUSINESS AND THE ECONOMIC SITUATION

MACROECONOMIC CONDITIONS

- **Subdued growth in a volatile environment**
- **FED and ECB cut key interest rates**
- **U.S. trade policy creates uncertainty**

GLOBAL ECONOMIC DEVELOPMENT

The global economy is going through changes, marked by persistent geopolitical uncertainty, rising global debt levels, increasing protectionism, and shifting economic policy frameworks. Volatile trade policies in the United States, the ongoing Russian war of aggression against Ukraine, and other geopolitical tensions have dampened global growth prospects. The International Monetary Fund (IMF) has revised its forecast for global economic growth in 2025 multiple times, with the latest projection being 3.3 percent. For 2026, global growth is projected to remain stable at 3.3 percent.[1]

In advanced economies the economic growth remained subdued, with an average increase of 1.6 percent, falling short of expectations and marking a slight decrease from the previous year's 1.8 percent. In the European Union, growth reached 1.4 percent (previous year: 1.1 percent). Germany and Austria recovered moderately from the previous year's recession, with growth rates of 0.2 percent and 0.3 percent respectively (previous year: -0.5 percent and -1.0 percent). The economies of Southern Europe continued to perform solidly, with Spain registering growth of 2.9 percent (previous year: 3.5 percent) and Portugal remaining steady at 1.9 percent. The United States' growth slowed to 2.0 percent (previous year: 2.8 percent), due to a weakening domestic economy and persistent trade policy uncertainties.

Emerging and developing economies continued to contribute significantly to global growth in the 2025 reporting year, achieving an average growth rate of 4.2 percent (previous year: 4.3 percent). India, in particular, solidified its position as a key driver of growth with a growth rate of 6.6 percent (previous year: 6.5 percent). China also demonstrated solid growth at 4.8 percent (previous year: 5.0 percent), despite being slightly weakened by subdued domestic demand and the persistent crisis in the real estate sector.[2]

VOLATILE U.S. TRADE POLICY

The United States significantly tightened its trade policy in 2025. The measures introduced in March were expanded and modified multiple times throughout the year. High import tariffs were imposed on a wide range of products – particularly on steel, aluminum, as well as also vehicles, machinery, and electronic components.[3]

These measures temporarily heightened tensions in global trade, subsequently dampening the global growth outlook as projected by IMF and OECD. By summer 2025, some of the tariff increases were eased through new trade agreements and policy adjustments, resulting in a slight upward revision of forecasts.

However, uncertainty remained elevated as U.S. trade policies became increasingly unpredictable, weighing on investments, international trade, and global supply chains. In the short term, the tariffs had a slight inflationary effect in the U.S., as the increased import costs were, to some extent, transferred to consumer prices.

[1] *World Economic Outlook Update, January 2026: Global Economy: Steady amid Divergent Forces; World Economic Outlook 2026/003
[2] World Economic Outlook (October 2025) - Real GDP growth
[3] Section 232 Tariffs on Steel and Aluminum Frequently Asked Questions | U.S. Customs and Border Protection

CURRENCIES, INFLATION, AND COMMODITIES

PALFINGER's global business operations involve financial transactions in various currencies, with the U.S. dollar (USD), alongside the euro (EUR) having the greatest impact on PALFINGER's business performance. At the beginning of 2025, the euro was trading at around USD 1.03. From March onwards, the U.S. dollar began to depreciate, with the exchange rate peaking at USD 1.19 in September. In the second half of the year, the rate stabilized around USD 1.17, representing an increase of about 13.6 compared to the beginning of the year.[4]

Global inflation decreased from 5.8 percent in 2024 to 4.2 percent in the 2025 reporting year. In the Eurozone, the inflation rate dropped to 2.1 percent (2024: 2.4 percent), aligning closely with the target of the European Central Bank (ECB). Austria, however, witnessed an inflation rate increase by 0.7 percentage point to 3.6 percent (2024: 2.9 percent), remaining significantly above the Eurozone average. For 2026, global inflation is projected to decline further to 3.7 percent.[5]

The European Central Bank has reduced its key interest rate in several steps, from 3.15 percent to 2.15 percent, in 2025.[6] The Federal Reserve (FED) in the United States also implemented its first interest rate cuts in response to subdued economic data, lowering the target to a range of 3.75 to 4.0 percent.[7]

Steel is the most important raw material for PALFINGER. After a steady decline from EUR 760 to EUR 550 per ton over the previous year, the steel market was dominated by high volatility in the reporting year. Throughout 2025, prices fluctuated between EUR 535 and EUR 655 per ton, settling at around EUR 630 per ton towards year-end.[8]

SALES & SERVICE

- **Stable positive development despite volatile market environment**
- **Initiatives in the service and spare parts segment show measurable success**
- **Expansion of Market shares across all regions**

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

Sales & Service provides comprehensive customer care, from the first contact with PALFINGER to after-sales service for its products. In addition to individual product solutions, PalDrive offers complete vehicles that are available immediately – these are complete solutions consisting of truck, PALFINGER product and body solution.

The digitalization of sales and service processes is being continuously advanced. Orders from dealers and general importers are increasingly submitted to PALFINGER via the product configurator. As a result, the complexity of customer requests can be managed more efficiently and errors in the quotation process are avoided. At the same time, the tool significantly shortens the time from inquiry to order entry. Additionally, the PALFINGER CONNECTED plus⁺ application supports end-user fleet management. Based on telematics data, the applications enable fleet managers and machine operators to monitor the operational status of their PALFINGER fleet in real-time, thereby increasing efficiency in daily operations.

[4] EUR to USD exchange rate in 2025
[5] World Economic Outlook (October 2025) - Inflation rate, average consumer prices
[6] Key ECB interest rates
[7] Key interest rates in the US until 2025 | Statista
[8] Steel prices in real time

SIGNIFICANT EVENTS IN 2025

The beginning of economic recovery in PALFINGER's European core market had a positive impact on business performance. Throughout 2025, the order book remained stable at the previous year's level, which, from today's perspective, provides visibility extending slightly beyond the first half of 2026. The market responded very well to PALFINGER's newly introduced and upgraded products. All revised solutions – including truck-mounted forklifts, aerial work platforms, loader cranes, and heavy-duty marine cranes – recorded very good order intake. This was a key driver behind PALFINGER's ability to expand its market shares across all regions and further solidify its competitive position.

The strategic initiative to continuously expand the after-sales business is consistently moving forward. New service locations strengthen customer proximity and the availability of products, spare parts, and repair services. In the first half of the year, the expanded and modernized Duisburg site in Germany (EMEA) and a new Singapore branch (MARINE) were opened, followed by the inauguration of a new spare parts logistics hub in Huntley, United States (NAM) in the second half of the year. The opening of the sales and service hub in Madrid, Spain (EMEA) is scheduled for the second quarter of 2026, and the start of construction for a new site in Munich, Germany (EMEA) is planned for the first quarter of 2026. This infrastructural development underscores the growing contribution of PALFINGER's service business in total revenue.

In January, PALFINGER launched its service campaign "Solution P". PALFINGER provides a full package of products, digital solutions, and services. At the bauma in April 2025, PALFINGER also presented itself unter the tagline "Go for Solution P" - innovations such as the PK 880 TEC loader crane, the center-seat truck mounted forklift, along with advancements in aerial work platforms were showcased. During the seven days of Munich's leading trade fair for construction machinery, more than 100,000 visitors were welcomed at PALFINGER's two booths, and numerous orders were secured.

In August, PALFINGER MARINE showcased products and technologies for the aquaculture industry at the Aqua Nor exhibition in Trondheim, Norway. A highlight was the PFM crane series, which is specifically designed for fish farming as well as service and work vessel applications. The new PFM 2100 – a compact crane that combines reliability and versatility – took center stage.

In December, PALFINGER presented its product portfolio at Asia's largest construction machinery trade fair, EXCON 2025, in Bangalore, India. This event marked PALFINGER's largest exhibition presence in India to date, underscoring the increasing strategic importance of the Indian market and the strengthening of its market position in the APAC region over the long term.

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 – transport and logistics, rental and leasing, agriculture and forestry, waste management, railroads, government organization as well as infrastructure and construction – demonstrate the extensive range of PALFINGER's product portfolio.

In 2025, order intake progressed as planned overall, continuing the slight upward trend from the final quarter of 2024. After the first quarter kicked off with very positive momentum, a slight dip occurred in the second quarter. This was primarily attributable to the lack of recovery of the German market, as the announced infrastructure investments were postponed, tempering expectations for a noticeable economic upswing. The third quarter marked a positive turnaround, particularly in Southern Europe and the Middle East, which are among the key growth markets in EMEA.

Additionally, PALFINGER experienced a pickup in defense-sector. In the access platform segment, several major contracts were successfully completed – a significant step in advancing PALFINGER's aerial work platform strategy.

NAM

In addition to its independent general agents and dealers in the United States, PALFINGER 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.

The Trump administration's trade policies introduced a high level of uncertainty and significantly increased import costs in 2025. This compelled PALFINGER to implement price adjustments, which in turn exacerbated the already cautious ordering stance observed among customers. From October 2025 onwards, a recovery emerged, signaling a positive trajectory. The development across customer segments was generally mixed. Demand from the rental and oil and gas sectors remained subdued, although both are anticipated to rebound in 2026.

A highlight in 2025 was the launch of the NAM-specific PW cranes, with both models recording exceptionally strong order intake. The opening of the spare parts logistics center in Huntley, United States, provided the platform for a dealer conference where these new additions to PALFINGER's product lineup were presented. The service segment also performed well in the reporting year, with major orders for truck-mounted forklifts being placed by a strategic customer.

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 primarily Brazil, Argentina, Chile, and Peru.

The LATAM region got off to a strong start in 2025. Despite Argentina's volatile economic landscape and a slight dip in market demand in Brazil starting in the third quarter, the region achieved record-breaking revenue. In the platform segment, several major orders were secured from energy utility customers.

A highlight of the year was the dealer conference held in the fourth quarter in Rio Grande do Sul, Brasil, which was attended by around 100 dealers and a similar number of external guests and customers. The event provided an opportunity for in-depth dialogue and reinforcing regional partnerships.

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.

The APAC region continued to demonstrate stability in 2025. However, China has yet to regain the economic momentum it once had. India emerged as a driving force and a market of long-term future potential. To fully capture the potential of this market PALFINGER has started scouting suitable production sites in India. The acquisition of a suitable plot of land in Pune is nearing completion. Planning work for the new plant has begun, as have preparations for obtaining the necessary permits for the factory.

MARINE

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

MARINE recorded outstanding performance in the reporting year, with major contracts secured from the offshore wind sector and the cruise ship industry, particularly for boats & davits solutions. This provides good visibility for PALFINGER in the MARINE region, extending beyond the first half of 2026.

CIS

Russia's war of aggression against 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 overall outlook for the 2026 financial year is positive. The EMEA region is expected to continue its positive growth trajectory. In LATAM, plans are underway to expand service locations in Brazil and Argentina in order to further strengthen market presence and customer proximity. The NAM region's progress will largely depend on the persistently unpredictable tariff situation, although a rebound in market demand in the rental sector and in the oil and gas industries is expected. The APAC region is forecasted to remain stable, and MARINE is expected to sustain its outstanding performance. Overall, a broad-based stabilization of the business environment is expected.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

- **Raw material costs remainat a stable level**
- **"Supply Chain Transformation" project set to improve supply chain efficiency and resilience**
- **Good material availability despite volatile market environment**

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

PALFINGER classifies 700 of its 7,000 global suppliers 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 "local for local" procurement principle by using local partnerships preferably with globally operating suppliers.

SIGNIFICANT EVENTS IN 2025

PALFINGER experienced an increase in order intake compared to the previous year. Only in North America (NAM) did the orders remain below 2024 levels due to heightened uncertainties. Despite the capacity adjustments implemented in the previous year, an early intervention and timely sharing of plans with suppliers ensured the availability of essential materials and components. Suppliers maintained excellent on-time delivery performance, even after a two-stage increase in demand volumes.

Despite volatility and ongoing higher inflation, raw material prices remained stable at the previous year's level in 2025, although a slight upward trend has been noticeable since the third quarter. Energy costs were also maintained at the previous year's level. Freight and transportation costs saw a further slight reduction, primarily due to improved utilization of transport capacities and the "local for local" procurement principle.

The “Supply Chain Transformation” program continues to drive forward the development of a cost-efficient, customer-focused, resilient, and flexible end-to-end supply chain. The program is structured around a series of interlinked projects, collectively designed to improve efficiency and competitiveness along the entire supply chain. A core priority is the digitalization of the supply chain, enabling automated data exchange, greater transparency, and faster decision-making processes. Additionally, planning processes are continuously optimized to increase forecast accuracy and improve operational coordination across all stages of value creation, increasingly leveraging artificial intelligence and data analytics.

In 2025, PALFINGER successfully continued its planned reduction of inventory levels. Inventories of raw materials, consumables and supplies declindes by EUR 40 million, bringing them significantly below the previous year’s level.

To ensure PALFINGER’s long-term growth, the portfolio of suppliers in Mexico, Europe, and India was systematically expanded. The newly acquired strategic suppliers were successfully integrated into the supply chain and have already commenced fulfilling orders. In Mexico, the first components have already entered series delivery, with plans to progressively expand the component portfolio in the coming months. New strategic partners were audited in the growth market of India, with initial samples already produced and approved. This lays the groundwork for local supply to the planned assembly plant in India.

In the NAM and LATAM regions, PALFINGER hosted Supplier Days, providing a forum to discuss PALFINGER’s new strategy, future business prospects, and partnership expectations with the suppliers in attendance. Both initiatives support the “local for local” procurement principle and contribute to the mitigation of supply chain risks.

A specialized task force has been established to closely monitor and assess the dynamic development surrounding U.S. tariffs. The team is responsible for coordinating actions to proactively mitigate risks and minimize potential negative effects. The tariff situation remains volatile, resulting in increased operational effort. Recent “Section 232” tariff developments, in particular, require detailed identification and documentation of steel content for many articles and components.

OUTLOOK

For 2026, early availability checks – particularly for electronic components – are expected to prevent significant supply bottlenecks. The volatile tariff landscape continues to significantly impact raw material prices, underscoring the importance of close market monitoring. To secure supply continuity and enhance procurement flexibility, PALFINGER increasingly employs double sourcing and make-or-buy strategies for volume adjustments. Moving forward, cost analysis will be integrated even more into procurement activities in order to increase transparency of cost structures and ultimately achieve cost reductions in procurement. At the same time, the continued reduction of inventory levels remains a key objective to sustainably decrease capital commitment and warehousing costs.

OPERATIONS

- **Expansion of global footprint in EMEA and APAC**
- **Reduced capacity utilization in NAM due to U.S. tariffs**
- **Capacity expansion in EMEA**

The Global Function "Operations" is responsible for production at PALFINGER. It includes all production plants of the PALFINGER Group and is organized into regions. With a workforce of over 7,000 employees, more than half of PALFINGER's total staff is employed in production.

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

The "local for local" value creation principle 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 2025

PALFINGER's global footprint has been further expanded in 2025. Production at the new plant in Niš, Serbia (EMEA) has achieved full operational status, with the site being fully integrated into the production network. For the new painting and logistics center in Ormož, Slovenia (EMEA), land acquisistion has been completed, and the municipality has already completed the initial groundworks, setting the stage for construction to start in the first quarter of 2026. A new assembly plant is planned in India (APAC). The acquisition of its suitable plot of land in Pune is nearing completion. Planning work for the new plant as begun, as have preparations for obtaining the necessary permits for the factory.

The realignment of the PALFINGER Production System (PPS), initiated in 2024 to push the LEAN transformation, has been successfully reinforced in the 2025 financial year. Its positive outcomes are now evident not only in EMEA plants but also at locations such as Oklahoma City, United States (NAM), and Río Tercero, Argentina (LATAM). A key factor in this success is the LEAN Academy program, which delivers intensive training in all regions and promotes systematic LEAN skills development.

In 2025, PALFINGER made the strategic decision to centralize responsibility for prototype manufacturing under Operations. Implementation was launched in EMEA in the second half of the year, focusing on centralizing the production of prototype components and strengthening prototype assembly for the loader cranes, aerial work platforms, and specialized lifting solutions product lines. These measures enable shorter time-to-market and delivery times, thereby accelerating development cycles and supporting structured launch management at serial production sites.

DEVELOPMENT IN THE REGIONS

EMEA

In 2025, PALFINGER expanded its production capacities, through strategic workforce expansion and automation of core manufacturing processes. Recruiting qualified professionals remains an ongoing challenge, particularly in welding and other physically demanding roles.

The plants in the European production network recorded higher capacity utilization rates, particularly for modernized or newly launched products in the aerial work platform and loader crane segments. This development reflects PALFINGER's ongoing alignment with evolving market demands, both in terms of production volume and product requirements.

NAM

NAM operated with a focus on proactive planning and flexible capacity management in 2025. Given the volatile environment, the uncertainties surrounding the U.S. government's tariff policies and the related impacts, PALFINGER reported reduced capacity utilization across all of its U.S. locations and responded by scaling capacity to match conditions. Conversely, the Canadian production site experienced increasing capacity utilization, driven by strong demand for loader cranes.

LATAM

In the Latin American region, capacity utilization in Brazil remained at a solid and stable level. In Argentinia, however, the economic environment continued to be volatile, resulting in fluctuating demand and, consequently, an varying utilization of capacities.

APAC

The production site in Rudong, China, operated as a joint venture with Sany, maintained stable capacity utilization at persistently low levels. At the same time, a significant leap in production quality and efficiency was achieved, enabling exports to other countries in the APAC region. This marks an important step in strengthening PALFINGER's competitiveness and regional expansion. To fully capture the potential of this market, PALFINGER plans to build a production sites in India. The acquisition of a suitable plot of land for the new plant in Pune is nearing completion. Planning work for the new plant has begun, as have preparations for obtaining the necessary permits for the factory. The resulting local value creation aligns with the "local for local" principle and will improve market access.

MARINE

The plants in Qingdao, China, and Hanoi, Vietnam, continued to experience robust capacity utilization throughout 2025. The initial phase of expanding the product portfolio has been successfully completed, establishing the basis for moving to the second phase in the coming year.

CIS

Due to Russia's war of aggression against Ukraine and the associated sanctions, production in CIS is operating autonomously and independently.

OUTLOOK

For 2026, a modest market recovery is expected in the United States, which should positively impact capacity utilization. APAC is projected to remain stable at a lower level of capacity utilization, and MARINE is expected to see a slight increase in production. Significant focus areas in EMEA will be the launch of centralized production of prototype components and the professionalization of assembly processes in the early stages of product development. Plans are in place to implement similar structures for prototype manufacturing in the NAM and LATAM regions. PALFINGER will continue to advance and integrate the LEAN culture in 2026, thereby strengthening operational effectiveness and efficiency, particularly through closer alignment with manufacturing-related functions such as procurement, supply chain management, and product development.

RESEARCH AND DEVELOPMENT

- **Complete revision of the PK TEC, AWP TEC, and FLM series**
- **CONNECTED plus⁺: standard feature in Europe, rollout in North America**
- **Slipway system and Mission Bay Handling Solution: a new system for offshore boat handling**

Research and development contributes significantly to PALFINGER's success and positioning as a globally innovative technology leading company. The Global Function "Product Line Management & Engineering" bundles all research and development activities and has around 800 employees at 24 locations. The Centers of Excellence focus on developing mechatronics and embedded software modules across product lines, providing core infrastructure for product and component testing, and on driving continuous improvements in development capabilities, such as model-based systems engineering. In 2025, PALFINGER spent EUR 105.2 million on research and development (Cash out) (2024: EUR 99.6 million), which corresponds to 4.5 percent of total revenue (2024: 4.2 percent).

The realignment of Digital Solutions strengthens PALFINGER's position as an innovation leader by strategically integrating digital and physical developments and further advancing them as a cohesive integrated portfolio. The focus is on integrating external market impulses into data-driven business models, establishing a consistent digital solution architecture, and delivering a unified customer experience across all channels and platforms. Strategic priorities include PALFINGER CONNECTED, data analytics, and product-oriented artificial intelligence, as well as application in extended reality (XR) and 3D technology. The portal strategy surrounding PALDESK creates measurable customer value and adds seamlessly integrated digital solutions to PALFINGER's core portfolio.

The "Foresight & Innovation" (FI) team's focus during the reporting year was on expanding its technology and trend radar to proactively screen, analyze, evaluate, and prioritize emerging trends and new technological developments across industries. As a result, five key technology clusters were identified for the coming years: Digital Foundations, Smartification, Autonomous Machinery, Clean Tech, and Urban Transformation.

SIGNIFICANT EVENTS IN 2025

Following the product launch of the new PK 880 TEC loader crane in the first half of the year, PALFINGER introduced the slightly smaller PK 720 TEC loader crane as part of its high-performance TEC series. These models combine cutting-edge technology features, such as a leveling assistant, memory position, and smart control, with the latest CONNECTED plus+ solutions for superior precision and lifting power. The optional electric power unit allows for operation with minimal emissions and noise.

The Digital Solutions product line includes CONNECTED plus+ and other innovative features, such as the VR-training simulator. PALFINGER CONNECTED provides a central platform for data-based decision-making and enhancing efficiency in fleet management and machine deployment, for example through optimized maintenance planning. Starting in early 2025, a wide range of PALFINGER solutions in Europe have been equipped as standard with the corresponding telematics modules. CONNECTED plus⁺ is an optional upgrade that enables real-time data transfer and access to a shared database for fleet managers and service partners. In the second half of the year, the rollout of CONNECTED and CONNECTED plus⁺ also began in North America.

In the third quarter, the latest version VR2, was launched as the most realistic loader crane simulator to date, in EMEA and NAM regions. The simulator features highly realistic scenarios, an accurate replication of the original control systems, and exact machine behavior. With the integration of PALTRONIC calculations, VR2 enables true-to-life training of safety, assistance, and comfort features.

At bauma 2025, four new models of the TEC series of aerial work platforms were introduced, which cover working heights from 19 to 28 meters. They feature a modular design, simplified maintenance, reduced weight, increased basket loads, and improved ergonomics. A low emission and noise electric drive option is available for all models.

Tailored specifically to the needs of the North American market, the bucket trucks PB 41 AT M and PB 38 AT were launched in the second half of the year. Like the TEC series of aerial work platforms, these models stand out for their simplified maintenance, high lifting capacity and precision.

The new FL truck-mounted forklifts, FLM 15 and 25, were redesigned for the European market and feature a unique center-seat design. This allows for 360-degree visibility, combining advanced ergonomics, and easy maneuvering in 4-way steering mode – delivering performance, comfort, and safety. In addition to the powerful diesel engine, an electric drive option is also available for this series.

The first prototype of the Generation 3 Urban Range, which combines a recycling crane with the new HT 18 TEC hookloader was also presented at bauma 2025. This innovative product combination forms a powerful all-in-one vehicle. The internal hose routing in the slewing mechanism and stabilizers makes the crane more compact, and thanks to multitool functionality various types of materials can be moved flexibly.

The new PFM 2100 model is the first Marine heavy-duty knuckle boom crane equipped with the patented P-profile arm system. With a maximum reach of over 29 meters and a lifting capacity of 4,000 kilograms at full extension, the crane combines reach, precision, and power. The latest model in the PFM series was showcased aboard a ship at Aqua-Nor in Trondheim (Norway) this August. In the second half of the year, the slightly more compact version of the heavy-duty crane, the PFM 1500, followed, featuring a maximum outreach of over 26 meters and a lifting capacity of 3,350 kilograms at full extension.

With its Mission Bay Handling Solution for offshore boat handling, PALFINGER is currently the only full-service provider on the market. The slipway system is flexible and fully remote-controlled, minimizing the need for manual assistance and reducing the risk of accidents during handling operations.

Important partnerships with business partners, research institutes, and universities

PALFINGER maintains partnerships and cooperations with universities, research institutions, and industry representatives to develop new technologies, innovations, and integrated solutions. This enables PALFINGER to offer its customers the most efficient, innovative, and best product solutions. Through to the innovation network, PALFINGER also increases its attractiveness as an employer for highly skilled specialists.

PALFINGER's main partners are the Technical Universities (TU) of Vienna and Graz, the Autonomous Operation Cluster (AOC, collaborating with Ammann, Prinoth, Rosenbauer, and TTControl), as well as the Austrian Institute of Technology (AIT) in Vienna.

PALFINGER is currently working on a proprietary frontrunner project and two consortium projects in collaboration with the TU Graz (FutureWoodTrans) and AIT (Guardian), based on forestry & recycling cranes. In the area of truck-mounted forklifts, PALFINGER is also partnering with AIT on the AWARD project, working on advancing the Technology Readiness Level (TRL) from 4 (laboratory tests) to 5–6 (demonstration in real-world operation).

With our partners, Norwegian oil and gas company Aker BP, and Optilift, a specialist in digital cargo handling solutions, we are working on developing a new generation of remotely operated offshore cranes. A total of seven cranes will be delivered to Aker BP, five of which can be fully operated from an onshore control room in Stavanger, Norway.

The target of all projects is to develop technologies for autonomous machine operation in everyday use (for example in harsh weather conditions or difficult environments), with full regard for all applicable legal and regulatory requirements.

OUTLOOK

As a leading company in crane and lifting solutions, PALFINGER continues to invest extensively in research and the continuous development of its product portfolio. In the next financial year, new models across various product lines will be introduced and launched on the market.

OTHER SIGNIFICANT CHANGES WITHIN THE PALFINGER GROUP

FURTHER COMPANY LAW-RELATED CHANGES IN THE PALFINGER GROUP

In January 2025, STRUCINSPECT GmbH was founded in Austria, in which PALFINGER AG holds 27.39% of the shares.

In March 2025, all assets and liabilities of PALFINGER Tail Lifts Limited, United Kingdom, were sold to PALFINGER Marine UK Limited, United Kingdom.

In April 2025, Elesa centro de montaje y servicios S.A., Spain, was merged into Palfinger Iberica Maquinaria, S.L.U., Spain.

In May 2025, the shares in Mega Repairing Machinery Equipment LLC, Dubai, the Megarme General Contracting Company LLC, Abu Dhabi, and the Megarme Inspection & Engineering Service LLC, Dubai, were sold.

Palfinger Marine DK AS, Denmark, was liquidated effective September 16, 2025.

In November 2025, Equipment Technology LLC, USA, was merged into Palfinger USA Operations LLC.

In December 2025, Palfinger Marine Norway Holding AS acquired 40% of the shares in Norwegian company Storm Cranes AS.

FINANCIAL PERFORMANCE INDICATORS REPORT

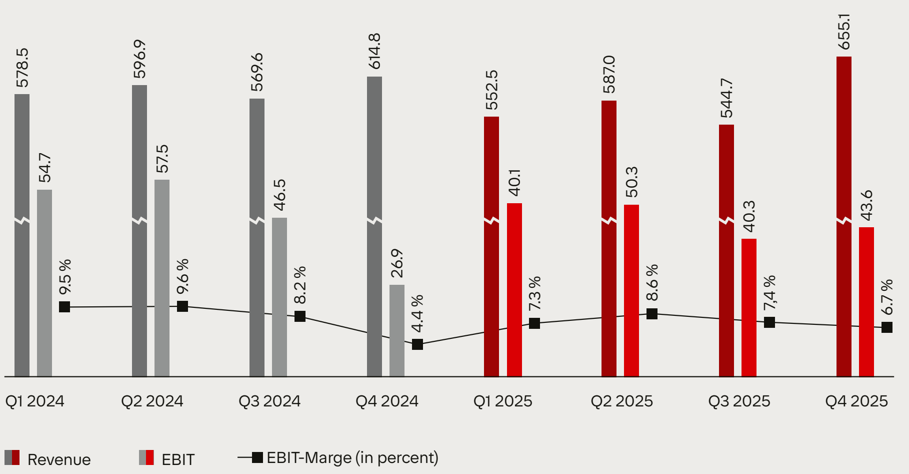
BUSINESS PERFORMANCE 2025

The year 2025 was was characterized by heterogeneous development across the regions. While the core region EMEA recorded a slight economic recovery, the economy in NAM and CIS weakened. Thanks to regional diversification, PALFINGER was able to achieve the third-best year in the company's history despite a slight decline in sales. Driving factors were further increase in profitability in marine sector and improved capacity adjustments in production plants in EMEA. Due to the effects described above, Palfinger achived sales of EUR 2,339.3 million. Compared with 2024 sales of EUR 2,359.8 million, this represents an decrease of -0.9 percent.

The order backlog remained stable until the end of the third quarter, but declined slightly in the fourth quarter due to the increased volume of completed orders. At the same time, however, a slight increase in order intake was recorded in the fourth quarter.

Despite continued improvements in the Marine segment and increased capacity utilization in EMEA, the profitability of PALFINGER's operating business declined to EUR 174.3 million, as decreases in NAM, CIS and the tail lifts segment could not be bully offset due to the difficult economic environment. The EBITDA decreased from EUR 277.0 million to EUR 269.1 million and the EBITDA margin was 11.5 percent compared to 11.7 percent in fiscal year 2024.

DEVELOPMENT OF EBIT AND REVENUE (in EUR million)



NET ASSETS

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	12/31/2023	12/31/2024	12/31/2025
Assets			
Non-current assets	937.2	1,017.5	1,052.0
Current assets	1,123.9	1,117.0	1,090.6
	2,061.1	**2,134.5**	**2,142.6**
Equity and liabilities			
Equity	715.5	753.1	919.2
Non-current liabilities	661.3	752.9	573.7
Current liabilities	684.3	628.5	649.7
	2,061.1	**2,134.5**	**2,142.6**

Consolidated financial statements, consolidated balance sheet, p. 185,
Notes on the consolidated balance sheet, p.214

Total assets increased from EUR 2,134.5 million as at December 31, 2024 to EUR 2,142.6 million as at balance sheet date December 31, 2025. Non-current assets increased from EUR 1,017.5 million to EUR 1,052.0 million. The main reason for this was the investment program. The reduction of the current assets from EUR 1,117.0 million in 2024 to EUR 1,090.6 million in fiscal year 2025 was due to the improvement of the working capital.

Equity increased from EUR 753.1 million to EUR 919.2 million as of December 31, 2025, mainly due to the sale of treasury shares and the consolidated result. The increased equity is also reflected in the rise of the equity ratio from 35.3 percent to 42.9 percent.

Non-current liabilities decreased significantly from EUR 752.9 million in the previous year to EUR 573.7 million at the end of 2025, mainly due to reduced financing needs caused by the sale of treasury shares. Current liabilities to finance the Working Capital increased slightly from EUR 628.5 million to EUR 649.7 million. As of December 31, 2025, 104.0 percent of total capital employed of was secured on a long-term basis (2024: 101.9 percent). Net debt significantly reduced from EUR 662.4 million in the end of 2024 to EUR 459.9 million.

The gearing ratio (net debt in relation to equity) was 50.0 percent as at December 31, 2025, compared to 88.0 percent on the reporting date of the previous year. Net investments in the reporting period amounted to EUR 121.2 million and were thus significantly below the previous year's figure of EUR 155.8 million.

FINANCIAL POSITION

EUR million	Jan–Dec 2023	Jan–Dec 2024	Jan–Dec 2025
Cash flows from operating activities	186.7	228.0	255.5
Cash flows from investing activities	(165.7)	(141.2)	(99.5)
	20.9	**86.8**	**156.0**
Adjusted interest on borrowings after tax	25.6	32.8	25.5
Free cash flow	**46.5**	**119.5**	**181.5**

Consolidated financial statements, consolidated statement of cash flows, p. 188

Cash flows from operating activities increased in the year 2025 to EUR 255.5 million after EUR 228.0 million in 2024. The main reason for this was the reduction of working capital. Cash flows from investment activities amounted to EUR -99.5 million in 2025 compared to EUR -141.2 million in the previous year's reporting period. Free cash flow increased significantly to EUR 181.5 million as of the reporting date compared to EUR 119.5 million in 2024.

The cash flow from the financing activities was EUR -132.3 million in 2025 compared to EUR -27.7 million in the same period of the previous year. The return on equity decreased from 15.1 percent at year-end 2024 to 12.6 percent as of December 31, 2025. The return on capital employed was below the previous year's figure of 10.3 percent at 9.5 percent. The weighted average cost of capital (WACC) were 6.6 percent in 2025, exceeding the previous year's value (2024: 5.6 percent). These developments led to a decrease in economic value added from EUR 65.8 million to EUR 41.7 million in reporting year 2025.

EUR million	Jan–Dec 2023	Jan–Dec 2024	Jan–Dec 2025
NOPLAT			
EBIT	210.2	185.6	174.3
Adjusted income tax	(56.3)	(41.3)	-40.9
	153.9	**144.4**	**133.4**
Capital employed[1)]			
Inventories	599.9	620.9	587.6
Trade receivables	341.7	304.9	284.2
Trade payables	(246.6)	(226.6)	-228.7
Payments received on account of orders	(54.7)	(63.0)	-65.3
Current capital	**640.3**	**636.2**	**577.7**
Other current receivables and assets	80.5	82.8	80.3
Income tax receivables	6.1	4.2	5.9
Current provisions	(46.5)	(46.2)	-45.4
Current liabilities	(175.0)	(174.9)	-172.5
Income tax liabilities	(15.9)	(16.6)	-14.4
Net working capital[1)]	**489.5**	**485.6**	**431.6**
Non-current operating assets	899.9	972.4	1,026.8
Non-current provisions	(42.9)	(43.3)	-42.8
Deferred tax liabilities	(6.8)	(8.9)	-12.1
Liabilities from puttable non-controlling interests	-	-	-
Other non-current liabilities	(5.7)	(5.2)	-5.2
	1,334.1	**1,400.6**	**1,398.3**
ROCE	**11.5%**	**10.3%**	**9.5%**

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 2025, 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 implemented.

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 lines, which are held as liquidity reserves and also used to finance working capital, amounted to over EUR 300 million at the end of the year.

Factoring programs exist in Europe, the USA and Canada. As of the balance sheet date December 31, 2025, the receivables sold in this way totaled EUR 100.6 million (2024: EUR 77.0 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 2025. As of December 31, 2025, this affected trade accounts payable totaling EUR 42.5 million (2024: EUR 30.1 million).

RESULTS OF OPERATIONS

Sales decreased by -0.9 %percent to EUR 2,339.3 million in fiscal year 2025 (2024: EUR 2,359.8 million). The largest decline was recorded in CIS with -29 percent and in NAM with -10 percent. In contrast, the EMEA, APAC and LATAM regions recorded significant growth rates. Exchange rate changes had a negative effect of EUR -25.5 million on revenue development.

RESULT OVERVIEW

EUR million	Jan–Dec 2023	Jan–Dec 2024	Jan–Dec 2025
Revenue	2,445.9	2,359.8	2,339.3
EBITDA	302.9	277.0	269.1
EBITDA margin	12.4%	11.7%	11.5%
EBIT	210.2	185.6	174.3
EBIT margin	8.6%	7.9%	7.5%
Consolidated net result	107.7	100.0	96.7
Earnings per share (EUR)	3.10	2.88	2.69
Dividend per share (EUR)	1.05	0.90	0.90[1)

1) Proposal to the Annual General Meeting.

Consolidated financial statements, Consolidated income statement, p. 183, Notes on the consolidated income statement, p. 204

As a result of the declining sales, the cost of sales decreased from EUR 1,759.7 million to EUR 1,725.4 million, with the relative cost of materials beneath the previous year's level. Variable personnel costs decreased from EUR 252.6 million to EUR 248.1 million and were slightly below the level of 2024 in relation to revenue. Gross profit increased from EUR 600.2 million to EUR 613.8 million in comparison to the same period of the previous year. The gross profit margin was 26.2 percent as at the reporting date and was slightly above the figure of 25.4 percent in 2024.

Structural costs (including costs for research and development, distribution and administration) increased from EUR 433.9 million to EUR 458.7 million. Compared to the same period of the previous year, structural costs as a percentage of revenue increased from 18.4 percent to 19.6 percent. The increase in costs in 2025 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 2.9 percent from EUR 277.0 million in 2024 to EUR EUR 269.1 million in 2025. The decline is partly due to increased structural costs. In addition, Palfinger was unable to pass on the full amount of the US tariffs to our customers. The EBITDA margin was 11.5 percent compared to 11.7 percent in the previous year. The operating result (EBIT) was also significantly affected by the above factors and decreased from EUR 185.6 million in 2024 to EUR 174.3 million in 2025. The EBIT margin also declined from 7.9 percent in 2024 to 7.5 percent in 2025.

Compared to the previous year, the net financial result increased by EUR 7.7 million from EUR -43.7 million to EUR -36.0 million. This development is mainly due to lower net financial debt. Despite the high investment volume, net financial debt could be reduced by 30.6 percent from EUR 662.4 million to EUR 459.9 million due to the improvement in working capital and due to the capital inflow from the sale of own shares. Absolute expenses for income tax were slightly below the previous year's figure and amounted to EUR 32.7 million in the reporting period compared to EUR 31.2 million in 2024. The tax rate rose from 22.0 percent in 2024 to 23.6 percent in the reporting period. At EUR 96.7 million, the consolidated net result for 2025 was 3.3 percent below the previous year's figure of EUR 100.0 million. Earnings per share decreased from EUR 2.88 in the previous year to EUR 2.69 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 2025 (2024: EUR 0.90).

PERFORMANCE BY SEGMENT

- **In the Sales and Service segment, the market recovery in the EMEA region and double-digit growth rates in LATAM and APAC partially offset the decline in the NAM and CIS regions due to the difficult market environment**
- **Stable external sales due to manufacturing for third parties 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	2,120,404	133,617	85,268	2,339,288
Revenue share	90.6%	5.7%	3.7%	-
EBITDA	226,037	66,110	(23,059)	269,087
EBITDA margin	10.7%			11.5%
EBIT	201,667	17,337	(44,676)	174,328
EBIT margin	9.5%			7.5%

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 2025

Segment revenue remained largely unchanged at EUR 2,120.4 million in fiscal year 2025, compared to EUR 2,121.3 million in 2024. Revenue remained stable, mainly due to a significant increase in volume in the fourth quarter. EBITDA rose from EUR 217.3 million to EUR 226.0 million in 2025. The EBIT margin was slightly higher at 9.5 percent in 2025 compared to 9.2 percent in 2024.

EUR thousand	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Revenue	513,282	532,250	509,320	566,462	495,156	531,295	489,263	604,689
EBITDA	64,642	68,238	55,887	28,562	58,416	56,929	51,638	59,054
EBIT	59,627	63,094	51,019	20,520	52,986	51,483	45,958	51,239

Income statement (EUR thousand)	2024	2025	in % of Group
External revenue	2,121,314	2,120,404	90.6%
EBITDA	217,329	226,037	84.0%
Depreciation, amortization and impairment	23,068	24,370	25.7%
EBIT	194,261	201,667	115.7%
EBIT margin	9.2%	9.5%	

OPERATIONS SEGMENT

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

BUSINESS PERFORMANCE 2025

External segment revenue in 2025 amounted to EUR 133.6 million, remaining exactly at the same level as in the previous year's period of EUR 133.6 million. Segment EBITDA decreased from EUR 81.5 million in the same period in 2024 to EUR 66.1 million. Segment EBIT reached EUR 17.3 million compared to EUR EUR 35.6 million in fiscal year 2024.

EUR thousand	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Revenue	38,164	35,052	34,277	26,148	34,354	31,969	35,352	31,942
EBITDA	23,264	16,648	18,695	22,855	10,953	22,843	14,430	17,884
EBIT	11,485	4,335	6,530	13,218	-1,343	10,302	1,757	6,620

Due to the slight increase in order intake compared with the previous year, capacity utilization in the PALFINGER plants was partially adjusted again during the course of the year and capacity utilization increased. At the same time, significant capacity reductions were implemented at plants in the NAM region due to the difficult market environment. Material prices and internal supply chains stabilized compared to the previous year.

Income statement (EUR thousand)	2024	2025	in % of Group
External revenue	133,641	133,617	5.7%
EBITDA	81,464	66,110	24.6%
Depreciation, amortization and impairment	45,896	48,773	51.5%
EBIT	35,568	17,337	9.9%

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 2025

EBITDA in the other non-reportable segments unit amounted to EUR -23.1 million in 2025 after EUR -21.7 million in fiscal year 2024, while EBIT for the unit was EUR -44.7 million after EUR EUR -44.2 million in the previous year. The drop in revenue was mainly due to the tough market conditions in North America and Germany.

EUR thousand	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Revenue	27,055	29,633	26,012	22,189	22,998	23,716	20,083	18,471
EBITDA	-11,338	-5,040	-6,034	665	-6,343	-6,070	-1,949	-8,697
EBIT	-16,424	-9,956	-11,037	-6,784	-11,551	-11,510	-7,377	-14,238

Income statement (EUR thousand)	2024	2025	in % of Group
External revenue	104,887	85,268	3.6%
EBITDA	(21,747)	(23,059)	(8.6%)
Depreciation, amortization and impairment	22,453	21,617	22.8%
EBIT	(44,200)	(44,676)	(25.6%)

RISK REPORT

RISK MANAGEMENT SYSTEM[9]

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

PALFINGER's 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, controls and coordinates the risk management process and reports directly to the Executive Board. The risk management process is documented in a group policy that is applicable across the group.

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 risk management, the responsible management unit, and experts. Risks that have been identified 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 economic considerations, taking into account the overall risk determined for PALFINGER and the impact on the long-term market position. The responsible management unit defines mitigation measures jointly with risk management. A central monitoring framework continuously tracks the implementation of these measures.

[9] 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 and persistent geopolitical conflicts. In 2025, the EMEA market witnessed a recovery, leading to an increase in order intake and an expansion of capacity at regional plants, while NAM faced setbacks due to tariff-induced volatility and CIS experienced a downturn due to economic weakening. To minimize risks, structural costs are being strictly controlled and additional sales measures implemented. Over the long term, the development of growth markets leads to risk mitigation by diversifying across different geographical areas.

The impacts of Russia’s war of aggression against Ukraine continue to pose significant 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. Additionally, due to the tense economic situation in Russia, there is a risk of liquidity bottlenecks in 2026, potentially resulting in the illiquidity of Russian subsidiaries.

The dynamics between China and Taiwan emerge as another geopolitical risk, which could have a potential impact on global supply chains, particularly those for electronic components. In addition, the persistent conflicts in the Middle East can also severely impact global supply chains, particularly affecting maritime shipping and the associated transport routes.

The comprehensive new tariffs imposed by the US government in March 2025 are also affecting PALFINGER, as they impact both global supply chains and market access and require corresponding operational adjustments. To manage this risk, a number of measures are employed, including price increases, temporary delivery stops, and making use of existing free trade agreements. The principle of producing “in the region, for the region” also contributes to risk mitigation. Looking ahead to 2026, the US tariffs may continue to impact supply chains and market access, with the risk of increased or additional tariffs or the potential termination of free trade agreements remaining a concern.

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. Measures such as the standardized development process, a clearly defined strategy program (Customer Centric Technology & Market Leader), and significant investments in research and development counteract this risk.

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 risk management process and in risk management reporting to ensure that data on climate and environmental protection, social and employment law issues, human rights, and preventing corruption are systematically considered and are captured 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		
Illiquidity of the Russian business Expropriation of the Russian business Deconsolidation of the Russian business	Despite sufficient liquidity being available at this time, the ongoing tense economic situation in Russia poses a number of challenges in 2026. Sluggish growth, faltering industrial output, and the downturn in the machinery manufacturing sector could lead to a decline in revenue. This in turn increases the risk of liquidity bottlenecks, potentially resulting in the illiquidity of subsidiaries. Additionally, there is a risk that the Russian companies may be taken over by an external administrator by law as a result of legislative measures. If the prevailing opinion on the full consolidation of Russian subsidiaries changes, there is also a risk of deconsolidation.	Economic developments in Russia, alongside the liquidity situation, remain under continuous observation. Due to the sanctions imposed, business-related actions, such as securing loans, are the responsibility of local management. The segregation of the Russian business and maintaining its autonomy continue to be employed as safeguards against potential expropriation risks. The situation regarding the deconsolidation risk is under continuous observation, with responses being initiated as necessary
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 to further reduce risk.
Tariffs	The imposition of additional tariffs by the US government since March 2025 affects PALFINGER due to the import of materials and products into the US. Looking ahead to 2026, the US tariffs may continue to impact supply chains and market access, with the risk of increased or additional tariffs or the potential termination of free trade agreements remaining a concern.	A designated task force monitors this risk and coordinates appropriate responses. Key measures taken so far include price increases, temporary delivery stops, taking into account the existing inventory levels in the US, and making use of free trade agreements.

Risk category	Risk description	Risk minimization measures
Economy		
Economic development of sales market	The EMEA market witnessed a recovery in 2025, leading to an increase in order intake and an expansion of capacity at EMEA plants. Conversely, the NAM market faced setbacks due to tariff-induced volatility, while CIS experienced a downturn due to economic weakening. 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 (Sales & Operations Planning) 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 is standardized across the group and codified in the group policies. Dealers' financials are subject to both scheduled annual reviews and unscheduled ad-hoc assessments throughout the year.
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, and the 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), standardization of job positions, 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.
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 standardized development process (PALFINGER Development Process, "PDP"), a clearly defined strategy program (Customer Centric Technology & Market Leader), and significant investments in research and development counteract this risk.

Risk category	Risk description	Risk minimization measures
Technology		
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 globally active company, PALFINGER is a potentially interesting target. 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.	All technical and operational preventive measures undergo continuous improvement. Additionally, PALFINGER has implemented a group policy for data classification and handling.
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.	Quality management has been established as a standalone corporate function with explicit escalation and decision-making rights. PALFINGER focuses on the consistent implementation of quality processes, supported by organizational independence. Strategically, quality management is integrated into outsourcing and PDP. Additionally, full matrix certification under ISO 9001, 14001, 50001, and 45001 will be implemented by 2029. Digital audit tools are used in supplier management, and audit rates are set as quality KPIs.
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 key strategic fields of action, reflected in its "Sustainability as an Opportunity" strategy program. Risks are systematically factored into the strategy process, as they continue to gain in importance. A key element is the structured approach aimed at reducing greenhouse gas emissions, which is based on a comprehensive sustainability strategy with clearly defined responsibilities and an established governance structure.

Risk category	Risk description	Risk minimization measures
Internal risks		
Fraud & gaps in the ICS	Insights from internal audits, fraud investigations and historical precedents indicate significant potential for improvement in the internal control system (ICS).	Group policies, standardized processes and systems, and acting on recommendations from internal audits strengthen governance, process compliance, and transparency.
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. Partnerships and acquisitions are subjected to an exhaustive due diligence process.
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. A dedicated IP Council has been established to strategically manage this risk.
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.	A framework of planning and management processes is in place, allowing for continuous adjustments of costs and outputs. Ongoing monitoring is undertaken to identify any indicators that necessitate adjustments to asset valuations.

FURTHER LEGAL INFORMATION

DISCLOSURES PURSUANT TO § 243A UGB

As of December 31, 2025, 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.

All treasury shares held of December 31, 2024, were sold by PALFINGER AG through an accelerated private bookbuilding process in July 2025. As of December 31, 2025, PALFINGER no longer holds any treasury shares.

	2024/31/12	Additions	Disposals	2025/31/12
Treasury shares	2,826,516	0	(2,826,516)	-
Proportion of the share capital in %	7.5	0.0	(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 slightly beyond the first half of the year**
- **Volatile economic environment**
- **Growth prospects and ambitious financial targets for 2030**

The global economic environment remains volatile. Many uncertainties, such as U.S. trade policy, the ongoing war in Ukraine, and other geopolitical conflicts, impact global economic development and make forecasting challenging.

For the first half of 2026, PALFINGER AG expects development slightly above the previous year's level. Furthermore, despite geopolitical and macroeconomic volatility, management has a confident outlook for the year as a whole. In 2026, PALFINGER AG will focus on the rapid implementation of the strategic programs defined in its Strategy 2030+.

EMEA and NAM remain the key growth drivers for PALFINGER. However, the development of both regions is largely influenced by external factors: In EMEA, a noticeable market recovery has yet to occur, while in North America (NAM), U.S. tariff policies continue to create additional challenges. Nevertheless, interest rate cuts are expected in the U.S. In LATAM, the positive economic development, which is mainly driven by Brazil, is expected to continue. In APAC, India is developing into an important future growth market for PALFINGER. Beyond the defense business, the Marine region offers potential due to the global upturn in the offshore and cruise ship business.

Building on the financial targets for 2027, PALFINGER has defined its 2030 financial goals as part of its new strategy: The company is aiming for revenue of more than EUR 3 billion, an EBIT margin of 12 percent, and a return on capital employed (ROCE) of 15 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 2025, 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 workers 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 works 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, metics 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 direct 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):
There are no significant changes in the preparation and presentation compared to the previous year.

(ESRS 2-BP-2.14):
The emission values for Scope 2 were reported incorrectly in 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 in 2024. 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 171 ff. Consolidated Financial Statement on page 181-188
GOV-5 – Risk management and internal controls over sustainablity reporting	ESRS 2-GOV-5.36a	Management Report (Risk report) on page 44
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 15-21 and 30-31
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 44
S1-1 – Policies related to own workforce	S1-1.24a & b	Corp. Governance Report on page 171 ff.

(ESRS 2-BP-2.17):
In the course of implementing the Quick Fix Delegated Act, the following phase-ins will be applied: SBM-1 40b, SBM-3 48e, E1-9, E5-6, S1-14 (regarding the provision of information on non-employees) and S1-15 93b.

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.

There are three members delegated by the works council in the Supervisory Board. 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 Executive 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):
The female representation in the Executive Board is 25 percent. The Supervisory Board had three female members in 2025, making up 33 percent of its composition. The diversity strategy with regard to the Executive Board and Supervisory Board is explained in more detail in the chapter on diversity in the Corporate Governance Report.

(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 2025, 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, risks and opportunities 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, the sustainability management department is under 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 impacts, risks and opportunities across all areas of the organization. Maria Koller, Chief Human Resources Officer and Lead of the Strategic Sustainability Programme, is a member of the Sustainability Council. Moreover, this council includes the heads of the global and corporate functions People Development and Culture, Product Line Management & Engineering, Marketing and Communications, Quality Management, Corporate Strategy, Innovation and Sustainability, Governance & Compliance (G&C) and Controlling & Accounting. 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. Based on these reports, the Supervisory Board reviews the achievement of objectives, monitors compliance with relevant requirements, and discusses necessary adjustments with the Management Board in order to fulfill 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 Executive Board and Supervisory Board continuously acquire knowledge on sustainability issues and already have expertise in this area based on their previous experience.

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 Management Board and Supervisory Board can be found in the Corporate Governance Report in the chapter "Company Bodies and working methods of the Management Board and Supervisory Board in accordance with Section 243c (2) and Section 267b of the Austrian Commercial Code (UGB)".

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 Executive Board. 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:

- GHG emissions from the use of fossil fuels for PALFINGER's business activities
- GHG emissions from the use of fossil primary energy sources to generate electricity and heat for production
- GHG emissions from the use of products sold
- High energy comsuption in the own business activities
- Insufficient integration of recyclability into product design and innovation development
- Creation of attractive employment opportunities through training and development options
- A lack of diversity can reduce the appeal of jobs
- Low representation of women in top management can lead to demotivation and feelings of discrimination.
- Working conditions that may cause physical health problems
- Working conditions that may cause mental health problems
- The activities of a production company lead to a higher risk of accidents at work
- Working environment that leads to violence and/or harassment in the workplace
- Physical injury to customers due to inadequate product safety (downstream)
- Violation of the human rights of employees in the value chain (upstream and downstream)
- Contribution to corporate culture through shared values, mission, and code of conduct
- Compliance management for early detection of rule violations, such as concepts, training and controls
- Establishment and promotion of reporting processes for the detection and efficient handling of incidents of corruption and bribery

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). These are evaluated annually at the meeting of the Compensation Committee.

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. The remuneration criteria of the Supervisory Board are not tied to non-financial performance criteria. In 2025, 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 target values for Scope 1 and Scope 2 emissions will be reduced by 1 percent annually. The target value for 2025 is 30,996 t CO_2e, while the target value for 2030 is 29,091 t CO_2e. The target value for the accident rate is also following a downward trend: it is 10.9 in 2025 and reduces to 8.5 by 2028. The target paths for Scope 1 and 2 emissions can be found in Chapter E1-4 and for the accident rate in Chapter S1-5.

(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: Description of the processes to identify and assess material impacts, risks and opportunities
	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 in the chapter risk management system.

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 material ESRS topics may become inmaterial or inmaterial topics become material 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 ESRS subtopics may be identified. This risk was 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 policies, actions, and targets are regularly reviewed. Finally, there is a risk that policies, actions, and targets 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 by the Group Accounting & Non-Financial Reporting 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, controls were formulated and assigned to the risks and sub-processes. As part of the risk prioritization process, key controls were aligned with process risks.

(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 Controlling & Accounting and once a year to the Executive Board.

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 60.2 percent in 2025, EMEA is the most important region. 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)	2024	2025	% N/N-1
EMEA	6,734	6,848	1.7%
NAM	1,005	940	-6.9%
LATAM	744	791	5.9%
APAC	128	124	-3.2%
CIS	1,536	1,394	-10.2%
MARINE	1,368	1,076	-27.1%
HOLDING	843	885	4.7%
PALFINGER Group	**12,358**	**12,058**	**-2.5%**

(ESRS 2-SBM-1.40e):
There are no sustainability targets related to products and services. All sustainability targets are established at the corporate level. To date, only actions directly related to products have been defined; there are no specific targets for each product line. The greenhouse gas accounting targets set to date only cover Scope 1 and Scope 2 emissions and therefore apply at company 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 8.5 by 2028. 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 in the 2025 newly developed strategy for 2030+ “Reach Higher”. The most important foundations of the sustainability strategy are the analysis of the value chain and the material impacts, risks and opportunities identified in the materiality analysis. The sustainability strategy is part of PALFINGER’s strategic pillars and is articulated in the “Sustainability as an Opportunity” program. The narrative of the sustainability strategy is outlined below.

Sustainability as an opportunity

Sustainability is an integral part of PALFINGER's strategic corporate orientation. It serves to secure innovation, stability and economic growth in the long term. Sustainability is understood as a strategic control factor that systematically integrates ecological, social and economic aspects into decision-making and value creation processes. This creates the basis for the continuous development of corporate structures and processes.

Based on the overall strategy and operational business activities, five strategic fields of action have been defined, which serve as a framework for the systematic integration of sustainability principles into all areas of the company.

Climate Action

PALFINGER's responsibility for reducing GHG emissions extends far beyond its factory gates and production sites. PALFINGER aims not only to reduce direct emissions, such as those resulting from production, but also indirect emissions caused by the extraction of raw materials and the use of products. PALFINGER is exploiting further potential savings in order to reduce its carbon footprint even further.

In addition, new technologies, energy-efficient production processes and advanced product solutions are being developed and expanded. The focus is on introducing approaches that further reduce CO_2 emissions—both in operations and in the product portfolio. Innovation, cooperation, and transparency are key prerequisites for the continuous development of value creation.

Actions to reduce emissions have already been initiated or implemented (see E1-3). Challenges exist particularly in reducing Scope 3 emissions in the upstream and downstream value chain, as cooperation with customers and suppliers is essential here. In addition, no clear signs of demand can yet be seen in the market environment.

Circular value chains (circular economy)

Thinking and acting in value chains and cycles is crucial for PALFINGER. This applies to research and development, procurement, production, and the utilisation and disposal phases of products. The aim is to support customers throughout the entire life cycle of a product. This requires a high degree of networking with partners in the global value chain and an understanding of practical application at the customer's site.

The transformation to a circular economy is a key strategic task. The focus here is on continuously reducing resource consumption. In addition, the transition to a circular product strategy is being driven forward, with the aim of achieving greater material efficiency and long-term value enhancement for products. The targeted development of markets for used equipment, components and materials will unlock additional value creation potential and extend the economic useful life of products. Pilot projects for entry into the secondary market were prepared in 2025. First and foremost, market analysis was used to assess the potential within the EMEA region and a selection of product lines/models was made. Further experience will be gained in a pilot project in 2026 in order to prepare for scaling up. This will strengthen the resilience of the business model and increase profitability over the entire life cycle.

In the reporting year, the initial foundations and some actions for implementing circular value creation were developed (see E5-2). The development of concrete targets and comprehensive measures will be continued and further refined in the coming years. Challenges lie in particular in the complexity of the value chain and in the requirements for product design, material recycling and technological implementation.

People, values and culture

PALFINGER's work culture is based on respectful and healthy working conditions and aims to create an environment that enables long-term success. Key components of this culture are team orientation, mutual support and the promotion of constructive cooperation across all areas of the company.

Attracting, developing and retaining committed specialists and managers are crucial factors for the company's innovation and performance. A diverse workforce with inclusive and fair working practices helps to bring different perspectives and experiences to decision-making processes, thereby increasing creativity, problem-solving skills and productivity.

The focus is on creating a working environment that promotes health, safety, belonging and appreciation. This includes targeted support for women and people from different origins and cultural backgrounds. Integrating this diversity strengthens the organisation and helps to improve customer proximity and service quality.

PALFINGER strives to positions itself as an attractive employer by creating working conditions that enable a balance between team spirit, family cohesion and international professional standards. The aim is to create a corporate culture that promotes personal development, cooperation and sustainable performance, thereby contributing to the long-term stability of the company.

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

Product Integrity

Product safety is a key component of PALFINGER's corporate responsibility. The aim is to develop and provide solutions that are among the safest of their kind worldwide. Protecting the people who work with the products is a top priority.

Product integrity is ensured through strict safety standards, quality testing and compliance with international regulations. Continuous improvements and the use of experience gained from development and operation strengthen trust, promote innovation and ensure the long-term performance of the products.

Numerous actions have already been taken and policies implemented to ensure product safety (see S2-1 and S2-4).

Governance and Compliance

Governance and compliance form the basis of responsible corporate management at PALFINGER. They ensure transparency, traceability and ethical conduct at all levels of the company. Compliance with legal regulations and internal guidelines extends to environmental, social and economic aspects and is an essential component of sustainable business management.

The task of governance and compliance management is to create binding framework conditions that clearly define roles, responsibilities and processes. These structures help to identify risks at an early stage for example, through regular checks, defined reporting channels, and systematic review mechanisms and manage them in accordance with regulations.

The policies and measures described in Chapter G1 were implemented to implement the strategy.

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 principle is “Being Better for Lifetime Excellence”. PALFINGER develops solutions that are geared toward the long term and contribute to responsible corporate development. The focus is on customer needs and the impact on employees, the environment, and economic success. As a technology and mechanical engineering company, PALFINGER works closely with its customers to translate their requirements into efficient and practical solutions. Business activities and outputs also have an impact on investors and other stakeholders outside the business partners, for example through long-term value creation, stable return expectations and the strengthening of the company's position in the market. 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 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 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 supplemented by tail lifts for easy loading and unloading.

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 and engineering 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 representatives of shareholders and lenders is maintained at events and in meetings. Contact with representatives of 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 representatives of suppliers, Original Equipment Manufacturers (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 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, in 2023 in preparation for the materiality analysis in 2024 a stakeholder analysis was conducted to identify and prioritize PALFINGER's key stakeholders. These have already been mentioned in the paragraph above.

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 representatives, 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 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 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 implemented in the year 2024, 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 identified fields of action, targets and actions were defined. These are described in the topic-specific chapters E5-2, S1-4, and S1-5.

(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 during the board meeting. Additionally, the Audit Committee was informend on the outcomes during the supervisory board meeting.

(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. Employee interests shape corporate strategy by focusing on occupational safety, further training and equal treatment, as well as strengthening the organisation's long-term commitment to responsible and sustainable growth.

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 therefore primarily includes issues such as fair working conditions and product safety.

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	(-) GHG emissions from the use of fossil fuels for PALFINGER's business activities (e.g., heating and ventilation of its own buildings)	x			x		x	x	x
	(-) GHG emissions from the use of fossil primary energy sources to generate electricity and heat for production	x			x		x	x	x
	(-) GHG emissions due to changes in land use (e.g., new real estate, deforestation, road construction, etc.)	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
	(↗) Customer acquisition through climate-friendly products and solutions that reduce CO_2 emissions	x	x		x				x
	(↗) Increased demand for climate-safe products due to changing consumer decisions (e.g., trend reversal toward climate-safe investments and technologies)								
	(↘) Rising costs due to the increase in CO_2 pricing	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
	(-) Insufficient integration of recyclability into product design and innovation development	x			x		x	x	x
	(↗) Increases in sales through business activities related to the reduction of resource consumption		x	x	x	x			x
Resource outflows related to products and services	(-) Business activities that do not take circular economy principles into account	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 (e.g. excessive overtime, etc.)	x			x		x	x	x
Health and safety (working conditions)	(-) Working conditions that may cause physical health problems (e.g., exposure to dust or hazardous substances, noise pollution, etc.)	x			x		x	x	x
Health and safety (working conditions)	(-) The activities of a production company lead to a higher risk of occupational accidents	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, collective bargaining, and social dialogue (working conditions)	(+) Providing secure jobs through social components (e.g., social dialogue and European Works Council)	x			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
	(↘) No suitable/insufficient workforce due to demographic change in the region		x		x				x
Diversity (equal treatment and equal opportunities for all)	(-) A lack of diversity can reduce the attractiveness of jobs	x			x				x
Gender equality and equal pay for equal work (equal treatment and equal opportunities for all)	(-) Low representation of women in top management can lead to demotivation and feelings of discrimination.	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	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 can lead to mental or physical health problems (e.g., excessive overtime, bullying, exposure to dust or hazardous substances, noise pollution, etc.)	x		x		x	x	x	x
	(-) Physical harm to customers due to inadequate product safety (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
	(+) Compliance management for early detection of rule violations, such as concepts, training, and controls	x			x				x
	(+) Commitment to established standards and principles (e.g., SBTi, ISO, SASB, UNGC, SDGs, etc.) contribute to environmental and social efforts.	x			x			x	x
	(+) Ensuring transparent and accessible information for good stakeholder relations, empowering stakeholders and enabling informed decision-making	x			x		x	x	x
	(↘) Risks arising from compliance violations		x		x		x	x	x
Management of relationships with suppliers	(+) Positive effects of fair business relationships on innovation, efficiency, and sustainability	x		x			x		
	(+) Business relationships subject to strict social and environmental criteria for suppliers	x		x				x	x
Corruption and bribery	(+) 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. The results of this materiality analysis form the basis for defining five strategic areas of action which relate to the identified material topics E1, E5, S1, S2, and G1 (see SBM-1) and on which concrete actions and targets are based. These 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. This is also reflected in the opportunities defined in the materiality analysis, as E1 defines the increased demand for climate-safe products and E5 defines increases in sales through business activities related to the reduction of resource consumption as business opportunities.

Adjustments and measures

To embrace these opportunities, PALFINGER adapted 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-3.48g):
Compared to the previous year, gender equality and equal pay for equal work were identified as material topics within the S1 standard. The associated impact is: "Low representation of women in top management can lead to demotivation and feelings of discrimination." In contrast, the topic of employment and inclusion of people with disabilities and the negative impact of "Discrimination against employee groups (e.g., people with disabilities)" were no longer classified as material. This adjustment was made because the focus of the identified negative impacts is more on diversity and gender equality. In addition, some positive impacts from the previous year were removed or replaced by negative impacts without changing the material topics. The positive aspects continue to be addressed in the report through corresponding policies, actions and targets.

(ESRS 2-SBM-3.48h):
All identified impacts, risks, and opportunities are covered by the ESRS disclosure requirements.

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.

Identification 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 valuation is based on expert estimates that take into account all information available at the time of valuation. This includes, in particular, key figures and forecasts, as well as supplementary data from specialist literature, expert discussions or relevant legal frameworks. The criteria include the scale, 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 scale 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 1 to 4, with a value of 2.5 defined as the materiality threshold.

The impact is assessed on the basis of several criteria, each of which is evaluated according to a defined scale. The criterion of scale describes the strength or severity of the impact and ranges from "high" (four), which includes significant negative effects such as environmental degradation or socioeconomic destruction, to "low" (two), which indicates no or only minimal impact. A rating of one always means that there is no impact. The criterion of scope refers to the spatial or personal distribution of the impacts. A high rating (four) indicates very widespread consequences affecting many people, while a low rating (two) indicates only a few people affected or a locally limited event. Remidiability describes the extent to which negative impacts can be remedied. A high value means irreversible (four), while low values (two) indicate complete recovery. Finally, the probability of occurrence is rated on a six-point scale,with a value of six corresponding to a certain occurrence (approximately 100%) and a value of one corresponding to a very unlikely event (approximately 0%).

The threshold value of 2.5 is based on a comprehensive analysis that includes internal consultations and external stakeholder surveys. Impacts, risks and opportunities with values close to the threshold value were validated separately. As part of the due diligence process, an annual review and adjustment is carried out to ensure that the values are up to date and appropriate.

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 material 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 Corporate Treasury, Taxes and Risk department and the responsible management as well as experts, and identified risks are documented in a standardized catalog.

Assessment of risks and opportunities

Risks and opportunities are assessed in consultation with global and central functions as well as with experts in the respective areas. For short- and medium-term risks and opportunities, the assessment dimensions include the potential financial impact on consolidated earnings and the probability of occurrence. Long-term risks and opportunities are assessed qualitatively on the basis of their probability of occurrence and their potential material impact on the following criteria: strategy, reputation, operations, and business partners. All long-term risks and opportunities whose impact was classified as material in at least three of the four qualitative criteria were thus defined as material. The assessment of risks and opportunities relating to ESG issues is carried out separately for the short, medium, and long-term time horizons. A scale from 0 (none) to 3 (high) is used for the potential impact. In addition, the company estimates the probability of occurrence on a scale from 0 (unlikely) to 5 (certain). Both values are included in the overall assessment, which is presented on a scale from 0 to 1. The materiality threshold is defined as 0.75. The relevance of risks and opportunities for the PALFINGER Group is determined on this basis.

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 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

Process for identifying material impacts, risks and opportunities

(E1-IRO-1.20a):
Material 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. In Scope 3, the significant impacts come from purchased goods and services (mainly steel and aluminum) andthe use of sold products. Total GHG emissions have been published since 2022.

(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 goods and equipment located outdoors 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 described in the following paragraph 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):
An extensive project investigated the effects of climate change and CO_2 pricing on PALFINGER's business model and strategic orientation. The focus is on quantitative assessment based on IPCC scenarios. The target industries for the products and sales markets are being modelled to determine the effects.

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 were considered in the assessment:

Business as Usual (BAU):
This scenario describes a development in which no additional climate protection measures beyond current policies are implemented. The economy, energy consumption and emissions largely follow previous trends. As a result, the global average temperature rises by around 3 to 4 °C compared to pre-industrial levels.

Sustainability Transition (SUS):
The SUS (Sustainability Transition) scenario describes a slow but consistent shift towards a sustainable economic and energy system with the aim of limiting global warming to a maximum of +1.5°C. The focus is on expanding renewable energies, increasing energy efficiency and switching to climate-friendly production and consumption patterns. This will lead to a steady decline in greenhouse gas emissions.

Disorderly Transition (DIS):
The DIS scenario (Disorderly Transition) describes a delayed and abruptly initiated transition to a climate-friendly economy. Climate protection measures are initially implemented too late or inadequately, causing emissions to rise further and exacerbating climate impacts. Once political and social responses finally kick in, the transition occurs suddenly and with severe economic, social and structural shock effects. Companies and markets must adapt quickly to stricter regulations, rising CO_2 prices and profound changes. This scenario is considered the most likely outcome, as it realistically reflects the current delays in global climate policy.

The scenarios differ primarily in terms of CO_2 prices and their impact on demand, investment and emissions. In the transition scenarios, prices rise (CO_2 taxes, higher input costs) while volumes fall (less consumption, more recycling), which affects the price/volume mix. The model calculation is based on the BAU scenario and evaluates the deviation of the other scenarios from this basis. The SUS and DIS scenarios assume a shift in demand: renovation and retrofitting are gaining importance over new construction projects. It is assumed that in future, higher demands will be placed on materials in terms of durability and lower CO_2 emissions. The issue of energy efficiency will become increasingly important for machinery and buildings. Adjustments are evident in logistics and infrastructure, mainly due to climate-related disruptions. Both scenarios show a strengthening of the circular economy, leading to an increase in prefabricated components.

The impact on the sectors varies: while construction and the public sector are relatively resilient, electricity and transport offer growth opportunities. As expected, however, oil and gas, as well as waste management, are negatively to severely negatively affected.

There are significant differences between regions. The APAC region offers the highest growth potential with moderate risks. The NAM region shows high resilience due to low CO_2 prices. Europe shows moderate growth with moderate risk. The CIS and LATAM regions are small markets with higher risk.

The findings are being used in the ongoing portfolio gap analysis as part of the strategy work. No activities have been identified that are incompatible with the transition to a climate-neutral economy. The transition to a climate-neutral economy will result in shifts in demand within customer segments and regions, but these will be offset to a certain extent.

(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.

The selected RCP scenarios (2.6, 4.5, 6.0, and 8.5) cover the range of plausible physical climate risks—from successful limitation of global warming to unchecked temperature rise. This takes into account possible developments in extreme weather events and long-term climate change under different emission pathways. The endpoints range from a global temperature increase of around +1.5 degrees (RCP 2.6) to over +4 degrees (RCP 8.5) by 2100. These scenarios enable a realistic assessment of the potential physical impacts of climate change on PALFINGER's locations and business activities.

(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 and internal experts were consulted. 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 topic was deemed not material 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 updated during the reporting period. In this regard, it was determined that no Palfinger site is located in an area with very high risks. Water consumption and discharge are in addition 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 analysis 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 carried out. In the first step, locations and facilities that are in or near biodiversity-sensitive areas according to the LEAP-analysis were identified. The analysis was conducted using a GIS dataset that integrates biodiversity-sensitive areas. Dependencies of the locations on biodiversity and ecosystems were not initially identified. Physical risks and opportunities related to biodiversity and ecosystems are analyzed based on identified impacts and dependencies, where 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 G&C, 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 G&C 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):

Disclosure Requirement and related datapoint	material/ not material	page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	material	page 55
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	material	page 55
ESRS 2 GOV-4 Statement on due diligence paragraph 30	material	page 58
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 95
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	material	page 95
ESRS E1-4 GHG emission reduction targets paragraph 34	material	page 105
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	material	page 106
ESRS E1-5Energy consumption and mix paragraph 37	material	page 106
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	material	page 107
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	material	page 108
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	material	page 110
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	
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	

Disclosure Requirement and related datapoint	material / not material	page
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 m^3 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 116
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	material	page 116
ESRS S1-1 Human rights policy commitments paragraph 20	material	page 117
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	material	page 117
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	material	page 117
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	material	page 117
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 c	material	page 127
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	material	page 147
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	material	page 147
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	material	page 148
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	material	page 149
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	material	page 149
ESRS S1-17 Nonrespect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	material	page 149
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	material	page 151
ESRS S2-1 Human rights policy commitments paragraph 17	material	page 152
ESRS S2-1 Policies related to value chain workers paragraph 18	material	page 152
ESRS S2-1 Nonrespect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	material	page 152

Disclosure Requirement and related datapoint	material / not material	page
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	material	page 152
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	material	page 158
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 170
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	material	page 170

(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). The Delegated Regulation (EU) 2026/73 will not be applied to the 2025 annual report.

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 2025 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 2025 financial year. Taxonomy-eligible revenue in the environmental objective “Circular economy” accounts for 15.3 percent (2024: 15 percent) of the consolidated group revenue of EUR 2,339,288 thousand in the 2025 financial year (2024: EUR 2,359,843 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 2025 reporting year. No CapEx-relevant economic activities were identified for environmental objectives (3), (5) and (6) in the 2025 financial year.

In the reporting year, suitable taxonomy-eligible investments from individual measures in property, plant and equipment amounted to EUR 5,260 thousand (2024: EUR 4,535 thousand), which corresponds to 3.9 percent (2024: 2.7 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, ventilation and air conditioning systems 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 and Germany
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 Germany, Serbia as well as combined heat and power application in Romania.
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.

PALFINGER addresses the four core areas of minimum protection—human rights, corruption and bribery, taxation, and fair competition—through appropriate internal guidelines and measures. A code of conduct and supplier audits are in place for the topic of human rights (see S2-1 and S2-4). In accordance with PALFINGER's general terms and conditions of purchase (EKB), suppliers are obliged by contractual agreement to comply with the code of conduct published on the website. Based on an annual risk-based audit plan, PALFINGER regularly conducts supplier audits in which, in addition to quality and procurement issues, sustainability aspects such as the environment, human rights, and occupational safety are also examined. In addition, ad hoc supplier audits are carried out. Corruption and bribery are addressed by a Group Anti-Corruption Policy and e-learning (see G1-3). Internal policies are also in place for taxation and fair competition; online training is also offered on fair competition. PALFINGER has also installed a whistleblower system ("Integrity Line") on its website, which can be used by third parties to report any irregularities along the supply chain. The reports received are then evaluated by Governance & Compliance and, if necessary, investigated by Corp. Internal Audit.

In the context of reporting on Principal Adverse Impacts (PAI) in accordance with the SFDR, PALFINGER has no investments or other commitments in connection with controversial weapons. The goal of a balanced gender distribution in top management is defined in indicator S1-5. PALFINGER aims to align the proportion of women in management positions with the overall proportion of women in the PALFINGER Group. The current value for 2025 is documented under S1-9. The unadjusted gender pay gap is disclosed in accordance with the disclosure requirements under S1-16.

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

For environmental objectives (1) and (2), no economic activities were identified that generated external revenues that make a significant contribution to either of the two environmental objectives. As in the previous year, no taxonomy-aligned revenues were reported for the 2025 reporting year.

For environmental objectives (3) to (6), economic activities were identified in 2025 in environmental objective (4) Transition to a circular economy that generated external revenue. Taxonomy-eligible revenue was collected using the group-wide reporting system. The taxonomy-eligible revenues in environmental objective (4), circular economy, correspond to 15.3 percent (2024: 15.0 percent) of consolidated Group revenues of EUR 2,339,288 thousand (2024: EUR 2,359,843 thousand) in the reporting year.

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 2025 consolidated financial statements).

The sale of spare parts accounts for the largest share of taxonomy-compliant revenue at 9.6 percent. Compared to the previous year, this revenue has increased slightly. Revenue from repairs, refurbishment, and reconditioning has also increased slightly. Revenue from product-as-a-service and other circular usage- and results-oriented service models has decreased compared to the previous year.

	Proportion of turnover/total turnover	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
Climate change mitigation (CCM)	-	-
Climate change adaption (CCA)	-	-
Water (WTR)	-	-
Circular economy (CE)	-	15.3%
Pollution (PPC)	-	-
Biodiversity (BIO)	-	-

2025		Year		Substantial contribution criteria						DNSH criteria ("Do no significant Harm")									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover 2025 (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 2024 (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.	131,889	5.64%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								5.44%		
CE 5.2. Sale of spare parts	CE 5.2.	224,402	9.59%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								9.42%		
CE 5.5. Preparation for re-use of end-of-life products and product components	CE 5.5.	639	0.03%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.17%		
Turnover of Taxonomy-eligable but not environmentally sustainable activites (not Taxonomy-aligned activites) (A.2.)		**356,931**	**15.26%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**15.26%**	**0.00%**								**15.03%**		
An. Turnover of Taxonomy-eligable activites (A.1.+A.2)		**356,931**	**15.26%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**15.26%**	**0.00%**								**15.03%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligable activites		**1,982,357**	**84.74%**																
TOTAL		**2,339,288**	**100.00%**																

2.1.3.2 Investments (CapEx)

For calculating the CapEx indicator (EUR 134,060 thousand), the total additions (before depreciation, amortization, impairment losses and revaluations) in accordance with the statement of intangible assets and property (EUR 31,140 thousand), plant and equipment (EUR 102,919 thousand), including additions of rights of use in accordance with IFRS 16, are included in the denominator (see notes 29 to 32 in the 2025 consolidated financial statements). Additions connected with business combinations are included in CapEx. In addition to capitalized expenditures for assets from taxonomy-eligible sales, the numerator also includes expenditures for the purchase of products from taxonomy-aligned 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 2025 reporting period.

For environmental objective (1), the group-wide reporting system was used to record taxonomy-eligible and taxonomy-aligned investments. All taxonomy-eligible and taxonomy-aligned CapEx are additions to property, plant and equipment. No taxonomy-eligible or taxonomy-aligned 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 2025 financial year.

In the reporting year, aligned investments from individual measures exclusively in property, plant and equipment (IAS 16) amounted to EUR 1,227 thousand (2024: EUR 1,330 thousand), which corresponds to 0.9 percent (2024: 0.8 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.

More than 80 percent of taxonomy-aligned investments relate to purchases of photovoltaic systems.

	Proportion of CAPEX/total CAPEX	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
Climate change mitigation (CCM)	0.9%	3.9%
Climate change adaption (CCA)	-	-
Water (WTR)	-	-
Circular economy (CE)	-	-
Pollution (PPC)	-	-
Biodiversity (BIO)	-	-

2025		Year		Substantial Contribution						DNSH - Criteria ("Do no significant Harm")									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx 2025 (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 2024 (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-ELIGIBLE 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.	24	0.02%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.06%	E	
7.5. Installation, maintenance and repair of equipment for measuring, regulating and controlling for the overall energy efficiency of buildings	CCM 7.5	2	0.00%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.02%	E	
7.6. Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	1,201	0.90%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.73%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**1,227**	**0.92%**	**0.80%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.80%**		
of which enabling		1,227	0.92%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.80%	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**								**0**		
7.3. Installation, maintenance and repair of energy-efficient appliances	CCM 7.3	1,628	1.21%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.46%		
1.2. Manufacture of electrical and electronic equipment	CE 1.2.	2,405	1.79%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1.47%		
CapEx of Taxonomy-eligable but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**4,033**	**3.01%**	**0.46%**	**0.46%**	**0.00%**	**0.00%**	**1.47%**	**0.00%**								**1.93%**		
A. CapEx of Taxonomy-non-eligable activities		**5,260**	**3.92%**	**1.26%**	**0.46%**	**0.00%**	**0.00%**	**1.47%**	**0.00%**								**2.73%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligable activities		**128,800**	**96.08%**																
TOTAL		**134,060**	**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 1.9 percent (2024: 1.5 percent) of the total consolidated expenses for 2025, amounting to EUR 2,165 million (2024: 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 35,831 thousand (2024: EUR 27,013 thousand) relates to expenses for maintenance and repair and EUR 5,129 thousand (EUR 6,759 thousand) for research and development.

2025		Year		Substantial contribution criteria						DNSH criteria ("Do no significant Harm")									
Economic Activities (1)	**Code (2)**	**OpEx (3)**	**Proportion of OpEx 2025 (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 2024 (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-ELIGIBLE 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-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligable activities		**40,961**	**100.00%**																
TOTAL		**40,961**	**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. Regardless, the company is systematically driving the process forward, leveraging insights already obtained to actively exploit all savings potentials identified. In 2025, intensive work was already underway on a transition plan. This project is expected to be completed 2026.

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: Rising costs due to the increase in CO2 pricing. This risk is a transition risk. The ongoing tightening of CO_2 pricing mechanisms – particularly in the European Emissions Trading System and through national levies – is leading to rising operating costs along the entire value chain. The risk describes the long-term uncertainty as to the extent to which PALFINGER's existing energy and emission reduction measures will be sufficient to limit the financial impact of future CO_2 price increases and thus avoid potential economic burdens or competitive disadvantages.

(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 was continued and refined in 2025. The upstream and downstream value chain was not taken into account. This analysis is an ongoing process. The starting point was the analysis of PALFINGER's impact attributable to CO_2e emissions and physical climate risks using a climate-related scenario analysis (for details, see ESRS 2-IRO-1). In 2025, an analysis of transition risks was also carried out and integrated into the resilience analysis.For the analysis PALFINGER was 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 2025 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 resilience analysis completed in 2025 confirms that the identified climate-related transition risk has no material impact on PALFINGER's strategy, business model or activities. In addition, sectoral and regional differences were identified: the construction and public sectors show high resilience, the electricity and transport sectors offer future growth opportunities, while the oil & gas and waste management sectors are negatively affected.

In the EMEA, NAM, LATAM, CIS, and Asia-Pacific regions, the construction industry, public sector, waste management, transport and logistics, energy supply (electricity), and oil and gas sectors were examined.

CO_2 pricing served as the central driver of economic development in the model. The construction sector continued to show robust growth as the need for housing remains. The public sector continued to perform its tasks and expanded them further, particularly in developing countries. The electricity and transport and logistics sectors offer significant growth opportunities in the future: rising energy demand and the structural transformation of the transport sector require considerable investment. The oil and gas and waste management sectors, on the other hand, are significantly affected by their direct CO_2 emissions and are therefore under particular pressure to adapt.

Regionally, APAC has a moderate risk due to high growth, while NAM shows high resilience as a result of low CO_2 prices. Europe is in the middle of the range. The CIS and LATAM regions have a higher risk profile.

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.

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):

Key content & general objectives
Policy 1 summarizes the following group policies which apply globally:

- Group Policy Energy Management
- Group Policy Environmental Management
- Group Policy Global PALFINGER Management System (GPMS)

The new policy Global PALFINGER Management System (GPMS) replaces the previous policy Certification requirements for PALFINGER locations and is outlining certification requirements for PALFINGER sites mandates, the implementation of a certified energy and environmental management system in accordance with the ISO 14001 (Environmental Management) and ISO 50001 (Energy Management System) standards. Excluding CIS, 71 percent of employees worked at locations with ISO 14001 and/or ISO 50001 certification in 2025 (2024: 59 percent).

The group policies on energy management and environmental management mandate, among other requirements, the roll-out of global programs (HSE action plan) with local targets for continuous improvement. The following targets focusing on energy efficiency and reducing CO_2e emissions were set in 2025:

- Implementing efficiency actions to reduce total energy consumption (electricity, heat, transport) at the site by 1.5 percent of the previous year's absolute consumption
- Implementing actions (energy efficiency, renewable energy, …) to reduce location-based CO_2e emissions by at least one percent of the previous year's absolute emissions
- Training and further education measures

The action plan's target values are applied on a site-specific basis. The initiated actions contribute to reducing energy consumption and the associated greenhouse gas (GHG) emissions.

Material impacts, risks and opportunities

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

- GHG emissions from the use of fossil fuels for PALFINGER's business activities
- GHG emissions from the use of fossil primary energy sources to generate electricity and heat for production
- 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
- Rising costs due to the increase in CO_2 pricing

Monitoring process

A centralized approach is used for monitoring, with actions being documented in the HSE management software.

(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 addressed by the policy.

(E1-2.25c):
PALFINGER's Group Policy Energy Management addresses climate change mitigation directly with the two targets outlined above: reducing the total energy consumption and GHG emissions 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 CO2e 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 management, and the policy Global PALFINGER Managemetn System (GPMS) 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, NAM, LATAM, MARINE). 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:

- Implementation of energy efficiency analysis
- Expansion of PV systems
- Reduction of electricity and heat consumption and of CO_2e emissions
- Eco-efficiency scoping for products
- Load sensing rollout
- Hybrid drive systems
- Policies for electric drive
- Electric FLx range truck mounted forklift

As part of the annual review of the portfolio of actions in accordance with ESRS E1-3, the action 'Optimisation of hydraulic efficiency' was discontinued in 2025 due to cost/benefit considerations. The discontinuation has no impact on the reported greenhouse gas emissions, targets or transition plan milestones, as the measure was still in the concept phase and no quantified reduction contribution was reported.

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 2025 reporting year continues to be the ongoing implementation of energy efficiency analyses at PALFINGER sites. This action was further advanced in the current financial year and represents a significant contribution to the implementation of local and group-wide environmental and energy targets.

The site analyses include:

- The energy assessment of the main consumers
- Visualisation of energy flows
- Identification and evaluation of energy efficiency potential
- Analysis of opportunities for integrating renewable energy sources

The analyses are carried out by Corporate HSE as part of its annual site visits and audits. In 2025, six additional sites in the EMEA and LATAM (South America) regions were analysed.

Location analyses are carried out regularly and cover all global production sites and relevant sales and service units. The evaluation of the identified potential forms the basis for the selection of specific implementation measures, which are reviewed in subsequent steps and implemented if necessary.

Through the systematic collection and evaluation of energy saving potential, the initiative makes a substantial contribution to achieving the goals of energy efficiency and reduction of GHG emissions.

By identifying energy efficiency potential, the implementation of this measure contributes significantly to the achievement of the targets and objectives of the Group's Energy Management and Environmental Management policies, as well as to the emissions 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 14 sites in EMEA and in each case 2 locations in NAM and LATAM. 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 2024 to 2025:

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

2025:
- NIS: <1,000 kWp
- Ganderkesee: 237 kWp + storage

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 10.8 megawatt peak. The amount of self-generated electricity from these PV plants accounted to 7.6 percent of PALFINGER's total electricity consumption in 2025. Any surplus electricity is fed into the local grid.

As all systems installed in 2024 to 2025 are located at sites supplied with green electricity, no direct reduction in GHG emissions can be reported using the market-based approach. This also applies to the two new PV built in 2025, as Nis is a new location and green electricity was already being used at the Ganderkesee site. 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 2025, the action is directed at sites in Serbia and Germany. The upstream and downstream value chain is not covered.

(MDR-c):
The PV systems expanded in 2025 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 22 locations (2024: 33) globally (EMEA, NAM, LATAM, APAC) in 2025. This is an action that has already been adopted and involves planning and reporting specific individual measures to achieve the target values.

In the year 2024, 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

In the reporting year, however, a distinction was made between the targets issued and those reported by the locations:

- 33 individual measures within the scope of the goal of “reducing total energy consumption”
- 30 individual measures within the scope of the goal of “reducing CO2e emissions”

The implementation of this measure contributes significantly to the implementation of internal guidelines and the achievement of the objectives of PALFINGER's group guidelines on energy management and environmental protection.

(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 in 2024 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

In contrast, the target values for the reporting year 2025 are as follows:

- 1,585 MWh reduction in total energy consumption
- 155 tons reduction in CO2e emissions from energy efficiency and decarbonization measures

The measures registered by category are:

- 13 measures to increase the efficiency of lighting systems
- 12 measures for optimizing heating and cooling systems, including heating replacement
- 10 measures for improving production processes
- 7 measures for thermal renovation
- 4 measures to modernize vehicle fleets
- 3 locations have implemented awareness campaigns

The estimated effect of the measure amounts to the following on an annual basis:

- 1,165 MWh total energy consunption
- 216 tons CO2e reduction

The most extensive measures include building and component renovation, renewal of machinery including compressed air compressors, modernization of heating systems, and modernization of lighting systems. Energy-efficient adiabatic hall conditioning systems were also retrofitted to improve comfort conditions.

(E1-3.29c):
Costs were not recorded centrally in 2025. 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.

Another major lever along the value chain is CO_2e emissions in the category 'Purchased goods and services', a large part of which comes from steel production. To address this, we are in close contact with our raw material suppliers to learn more about their climate goals and their views on the transition to lower-carbon solutions. At the same time, we are evaluating the potential of green steel in our product development processes. Although interest in green steel is growing, there are few clear signs of market demand as yet.

(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 8 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 chains are taken into account, as the action relates to product developments that influence both the use phase of the downstream value chain and the upstream value chain in terms of material selection.

(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 25.3 percent (2024: 23 percent) of loader cranes sold in 2025 and 19.5 percent (2024: 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 aim is to roll out the load sensing technology 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 CO_2e 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. A loading crane with a maximum lifting capacity of 20 mt achieves an average CO_2e reduction of approximately 51 t over its expected operating life of 10 years compared to models with a constant pumping system. For cranes with a load capacity between 20 mt and 100 mt, the average CO_2e reduction over the same 10-year service life is approximately 70 t.

(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: 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 renewable energy where possible. This in turn reduces fuel consumption and CO_2e emissions. At this time, the action is not attributable to an overarching target or policy.

(E1-3.29a&b):
The measure will lead to a 75 percent reduction in GHG emissions when operating the lever solution with the EU electricity mix in 2030, and the use of renewable energies could reduce emissions by up to 100 percent.

(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 CO_2e 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 CO_2e 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 7: 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 renewable 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 8: Electric FLx Range Rruck 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 CO_2e 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 measure was implemented between 2022 and the first market release in 2025. Further concepts and systems will 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 tCO_2e before retroactive error correction and 37,155 t CO_2e after retroactive error correction (for details, see ESRS 2-BP-2.14). The year 2022 was chosen as the base year for setting emission targets because it is considered representative, as there were no exceptional effects. The target value for 2030 is an absolute emission reduction of 2,668 t CO2e or 8.4 percent before error correction (500 t CO_2e in Scope 1 and 2,168 t CO_2e in Scope 2) to 29,091 t CO_2e in 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 include increased procurement of renewable energy and potential savings due to improved energy efficiency. The expected reduction in Scope 2 (market-based) of 2,168 t CO_2e comes with 1,737 t CO_2e from the purchase of renewable energy and the installation of PV systems in the EMEA region, and 431 t CO_2e from increased energy efficiency. The expected decarbonization lever for the reduction in Scope 1 of 500 t CO_2e comes from increased energy efficiency.

After error correction, the expected reduction in Scope 2 (market-based) amounts to 7,564 t CO_2e by 2030. The additional reduction of 5,397 t CO_2e results from the fact that the site, which previously could not demonstrate the procurement of renewable energy, has been able to do so since 2024.

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 CO_2e 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 CO_2e (see E1-4.34a-e). The target value for 2030 specifies an absolute reduction in emissions of 2,668 t CO_2e to 29,091 t CO_2e.

(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 CO_2e before retroactive error correction and 37,155 t CO_2e after retroactive error correction. This adjustment only affects the initial data and serves to improve data quality and transparency. The base year has been adjusted accordingly, while the absolute target value of 29,091 t CO_2e remains unchanged. 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, but rather on a potential-oriented assessment, meaning they are derived from technically and organizationally feasible reduction options and take into account the principles of the Science Based Targets 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 CO_2e balance sheet; the status is reported to the Sustainability Council, Executive Board and Supervisory Board. In 2025, emissions were already well below the target of 30,996 t CO_2e with an actual value 29,522 t CO_2e.

2.2.3.2 E1-5 – Energy consumption and mix

(E1-5.37a-c und 38.a-3):
Energy consumption and mix

in MWh	2024	2025
Fuel consumption from coal and coal products	-	-
Fuel consumption from crude oil and petroleum products	18,392	16,932
Fuel consumption from natural gas	61,744	60,643
Fuel consumption from other fossil sources	7,385	9,069
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	24,041	17,778
Total fossil energy consumption	**111,562**	**104,422**
Share of fossil sources in total energy consumption (%)	52.0%	49.8%
Consumption from nuclear sources	**5,700**	**4,010**
Share of consumption from nuclear sources in total energy consumption (%)	2.7%	1.9%
Fuel consumption for renewable sources, including biomass	-	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	88,373	92,010
Consumption of self-generated non-fuel renewable energy	8,907	9,100
Total renewable energy consumption	**97,280**	**101,110**
Share of renewable sources in total energy consumption (%)	45.3%	48.3%
Total energy consumption	**214,542**	**209,542**

Absolute energy consumption totaled around 209.5 million kWh in the reporting year (2024: 214.5 million kWh), reduced by around 2.3 percent compared to the previous year. The EMEA region accounted for the largest share of energy consumption at 65 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 7.3 percent (2024: 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 over 82 percent (2024: 80 percent) in 2025. PV systems accounted for around 7.6 percent (2024: 7.5 percent) of total electricity consumption.

(E1-5.39):

Non-renewable energy production and renewable energy production

in MWh	2024	2025	in %
Generation of non-renewable energy.	-	-	
Generation of energy from renewable sources	8,907	9,100	2.2%

(E1-5.40 & 42):

Energy intensity based on net revenue

in MWh / million EUR	2024	2025	in %
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	91.0	89.4	-1.7%

(E1-5.43; AR 38)

Reconciliation of net revenue from activities in high climate impact sectors

EUR thousand	2024	2025	in %
Net revenue from activities in high climate impact sectors used to calculate energy intensity	2,359,842	2,339,288	-0.9%
Net revenue (other)	-	-	
Total net revenue (Financial statements)	**2,359,842**	**2,339,288**	**-0.9%**

PALFINGER is classified under sectors C28.22 'Manufacture of lifting and handling equipment' and G46.6 'Wholesale of other machinery, equipment and supplies'. All of its turnover is attributable to climate-intensive sectors.

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	Retrospective 2024	2025	% N/N-1	Milestones and target years 2026	2030	2050	Annualy % target/base year
Scope-1-GHG emissions								
Gross Scope-1- GHG emissions	18,850	18,885	18,673	-1.1%	n.k.		n.k.	n.k.
Percentage of Scope 1 GHG emissions from regulated emissions trading schemes (%)	-	-	-					
Scope-2-GHG emissions						29,091		
Gross location-based Scope 2 GHG emissions	n.k.	33,978	44,445	30.8%	n.k.		n.k.	n.k.
Gross market-based Scope 2 GHG emissions	18,305	11,365	10,849	-4.5%	n.k.		n.k.	n.k.
Significant scope-3-GHG emissions								
Total Gross indirect (Scope 3) GHG emissions	3,487,590	2,852,777	2,752,771	-3.5%	n.k.	n.k.	n.k.	n.k.
1 Purchased goods and services	1,171,672	762,692	757,524	-0.7%	n.k.	n.k.	n.k.	n.k.
2 Capital goods	Not material		-	-	n.k.	n.k.	n.k.	n.k.
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	Not material		-	-	n.k.	n.k.	n.k.	n.k.
4 Upstream transportation and distribution	Not material		-	-	n.k.	n.k.	n.k.	n.k.
5 Waste generated in operations	Not material		-	-	n.k.	n.k.	n.k.	n.k.
6 Business traveling	Not material		-	-	n.k.	n.k.	n.k.	n.k.
7 Employee commuting	Not material		-	-	n.k.	n.k.	n.k.	n.k.
8 Vorgelagerte geleaste Wirtschaftsgüter	Not applicable		-	-	n.k.	n.k.	n.k.	n.k.
9 Downstream transportation	Not material		-	-	n.k.	n.k.	n.k.	n.k.
10 Verarbeitung verkaufter Produkte	Not applicable		-	-	n.k.	n.k.	n.k.	n.k.
11 Use of sold products	2,315,918	2,090,085	1,995,247	-4.5%	n.k.	n.k.	n.k.	n.k.
12 End-of-live treatment of sold products	Not material		-	-	n.k.	n.k.	n.k.	n.k.
13 Nachgelagerte geleaste Wirtschaftsgüter	Not applicable		-	-	n.k.	n.k.	n.k.	n.k.
14 Franchises	Not applicable		-	-	n.k.	n.k.	n.k.	n.k.
15 Investments	Not material		-	-	n.k.	n.k.	n.k.	n.k.
Total GHG emissions								
Total GHG emissions (location-based)	n.k.	2,905,640	2,815,889	-3.1%	n.k.	n.k.	n.k.	n.k.
Total GHG emissions (marked-based)	3,524,745	2,883,027	2,782,293	-3.5%	n.k.	n.k.	n.k.	n.k.

n.k. = not known

Scope 1 and market-based Scope 2 emissions were reduced by 2.4 percent compared to the previous year. Particularly disproportionate reductions were achieved in the CIS and NAM regions, where renewable energy sources are predominantly not used. In addition, an increase in the share of electricity from renewable sources made a further contribution to reducing emissions.

The 0.7 percent decrease in Scope 3.1 emissions is attributable to changes in purchasing volumes. In Scope 3.11, the change is partly due to a change in product mix, including an increasing proportion of electrified products and an increase in load-sensing cranes sold.

The previous year's and base year figures were adjusted retroactively, as the Scope 3 categories – with the exception of 3.1 and 3.11 – were classified as immaterial.

(E1-6.AR 43c); (E1-6.AR 45e); (E1-6.AR 46 j) :
No biogenic fuels are used within Scope 1. The biomass share from electricity and district heating procurement (Scope 2) is not reported separately. For Scope 3 emissions, it is also assumed that biogenic emissions are minimal or non-existent due to the nature of the industry.

(E1-6 AR 45d)
At PALFINGER, 75 percent of the electricity and heat purchased is covered by electricity supply contracts. These contractual instruments form the basis for the reported market-related Scope 2 emissions.

(E1-6 AR 39 b); (MDR-M):
Calculation of Scope 1 and Scope 2:
The PALFINGER Group's greenhouse gas emissions are recorded and accounted for in accordance with the Greenhouse Gas Protocol. The financial control approach is used to consolidate Scope 1 and Scope 2 emissions. This means that all locations and companies over which PALFINGER exercises financial control over energy supply and consumption are taken into account. As part of the corporate governance and structural review, it was determined that financial control and operational control at PALFINGER are identical.

Scope 1 comprises direct emissions from the consumption of fossil fuels, in particular from stationary combustion plants (e.g., boilers), mobile sources (company vehicles, plant logistics), and process gases in production.

Scope 2 includes indirect emissions from the purchase of electricity and district heating. These are determined using the market-based and location-based approaches.

All emissions data is recorded on the basis of current energy consumption data from the operating sites and updated annually. Missing or delayed data is supplemented by conservative estimates. Changes in the scope of consolidation are documented in a comprehensible manner in the calculation year.

The calculation and emission factors are determined annually and updated as required. Emissions data include carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O), 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 CO_2 equivalents and the proportions of renewable and nuclear sources for electricity is based on various databases, e.g. Ecoinvent Version 3.10, Climate Transparency, or national statistical data. The direct emission factors (Scope 1) for gasoline, diesel, liquefied petroleum gas, propane/butane, district heating, and heating oil are taken from the Gemis database 5.1 and the Austrian Federal Environment Agency. Scope 1 and Scope 2 emissions are calculated in the HSE software for the energy consumption reported by the sites according to energy sources by multiplying them 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 2024:

in tonnes of CO_2e	**2022**	**2023**
Scope 2 GHG emissions (reported)	12,908	12,894
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), CO_2 emission factor for diesel engines
- GHG Protocol_Emission_Factors_For_Cross_Sector_Tools_V2.0_0 (March 2024)

Significant Scope 3 categories that are priorities for the company are category 3.1 Purchased goods and services and 3.11 Use of sold products. A threshold of 3 percent of total Scope 3 GHG emissions was set to determine the significance of the Scope 3 categories. All non-material Scope 3 categories are below 3 percent of total Scope 3 emissions, with the two significant categories 3.1 and 3.11 accounting for over 90 percent of total emissions. Categories 3.8, 3.10, 3.13, and 3.14 are not applicable to PALFINGER's business model. The significance of Scope 3 categories is reassessed every three years.

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):
No primary data from suppliers or other partners within the value chain was used to calculate Scope 3 emissions. The 1.24 percent reported in the previous year related to Scope 3.4, which was retroactively classified as immaterial. Therefore, no primary data was available in the previous year either.

(E1-6.53-55):
GHG intensity based on net revenue

tonnes CO_2 per million euro	2024	2025	%
GHG intensity per net revenue			
Total GHG emissions (location-based) per net revenue	1,231	1,204	-2.2%
Total GHG emissions (market-based) per net revenue	1,222	1,189	-2.7%

Net revenues correspond to sales as reported in the consolidated financial statements. Total GHG emissions for 2024 were corrected retroactively – from 1,312 to 1,231 on a location basis and from 1,302 to 1,222 on a market basis per net revenue. The reason for this is that all Scope 3 categories except 3.1 and 3.11 are reported as non-material.

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 durability of the materials used are firmly anchored in PALFINGER's operational activities from an economic perspective. There is currently no overarching concept for this. PALFINGER is working on developing an overarching concept for resource use and the circular economy. In this regard, circular business models were already anchored in 2025 as part of the 2030+ strategy, which will be developed step by step in the future. In 2025, preparations were made for the pilot phase in 2026, during this period the scalability and integration into processes will be evaluated. Despite the complexity of the value chain, PALFINGER is striving to determine a timetable for the introduction of a policy during the upcoming pilot phase.

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 and 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 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 reuse of products

Currently, the measure cannot be assigned to any overarching target or policy.

(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", the focus is primarily on extending product life.

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

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

Action 2: Supply of recyclable materials to recyclers (recycling)

(MDR-a):
PALFINGER makes rejects and waste from production, as well as products and components that are no longer usable, available to locally certified recyclers. In this way, Palfinger carries out a first-stage separation process of recyclable materials, which are then recycled in accordance with local regulations. PALFINGER also requires its suppliers to comply with internationally recognized environmental standards.

This action aims to minimize the environmental impact after the initial phase of product use:

- Conservation of ressources: Components that can no longer be utilized and cannot be recycled within PALFINGER's internal recycling loop are processed externally and thereby reintegrated into the circular economy.

(E5-2.20):
The end-of-life measure contributes to the application of circular economy business practices in the field of recycling and can lead to higher group recycling rates.

(MDR-b):
Rejects and waste are offered to recyclers; the upstream value chain is not covered by the concept.

(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 topic of circular economy was integrated into the new 2030+ corporate strategy in 2025 as part of the strategic program "Sustainability as an Opportunity." In the survey and validation phase, which began in 2025, relevant key performance indicators were evaluated for each business segment. These will be used in the next fiscal year to help determine targets and support the control of corresponding actions. In this context, the design of a corresponding process for assessing the effectiveness of the actions taken is also planned.

2.3.2.2 E5-4 –Resource inflows

(E5-4.30):
The most important category of resource inflows is raw materials (primarily steel and aluminum), with purchased sheet metal and pipes accounting for the largest share of raw materials. Other categories include purchased cylinders, control systems and mechatronics, electronics and cables, hydraulic components and equipment, 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. External validation of the present key figures was not utilized.

(E5-4.31a):
Overall total weight of products and materials used

in tons	2024	2025	% N/N-1
Raw material	114,207	113,971	-0.2%
Hydraulic components & equipment	1,653	1,860	12.5%
Cylinders	4	6	43.4%
Control systems & mechatronics	117	107	-8.4%
DIN & standard parts	565	866	53.3%
Total weight	**116,546**	**116,811**	**0.2%**

The total weight was calculated based on the goods receipts recorded in the reporting year. The weight of each material receipt is stored in the ERP system and aggregated accordingly. If units of measurement other than weight are available, conversion factors are applied such as converting liters to kilograms. For companies that do not have weights stored in their local ERP system due to a heterogeneous system landscape, the weight was estimated based on the goods receipt in EUR by using data from other loactions.

The main weight component and the total weight showed no significant change last year. The weight development of DIN and standard parts as well as cylinders showed the largest relative deviations. Segments with lower weight than raw material are more strongly influenced by existing order situation. The most significant change in DIN and standard parts was due to orders requiring more paint than in the previous year, which has a higher weighting in the resource inflow.

(E5-4.31c):
Weight of secondary reused or recycled components, products and materials

in tons	2024	2025	% N/N-1
Total weight of secondary, reused, or recycled components, intermediate products, or materials used during the reporting period	46,450	44,750	-3.7%
Amount of secondary, reused, or recycled materials in %	39.9%	38.3%	-1.6%

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. The percentage was calculated in relation to the total weight of the products and materials used (see E5-4.31a).

Although the total weight of raw materials used remained virtually unchanged, there was a slight decline of 3.7 percent in the proportion of recycled materials. This was mainly due to the product portfolio in demand and the corresponding mix of materials in the resource inflow. If the production of PALFINGER products in demand requires a lower proportion of raw materials with a high recycled content, this leads to a decrease in the total weight of recycled material.

(E5-4.AR.25):
Double counting was avoided as each material input was recorded individually. Due to the use of external sources to calculate reused or recycled secondary components, products, and materials, no further differentiation of these terms was made.

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.

As part of its circular economy approach, PALFINGER carries out maintenance and repairs and sends recyclable materials (production rejects and waste, as well as unusable products and components) to recycling companies. Further information on PALFINGER products can be found in 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**	**2025**
Loader crane	10-15	10-15
Forestry and recycling cranes	11-12	11-12
Roll-off and hook-lift trucks	15-16	15-16
Tail lifts	10	10
Small aerial work platforms	12	12
Large aerial work platforms	20	20
Truck-mounted forklifts	10	10
Marine and wind cranes	15	15
Winches and offshore equipment	20	20
Offshore cranes	25	25
Davit systems	20	20
Boats	20	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 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	2025	% N/N-1
Total weight of products and packaging	116,546	116,811	0.2%
Weight of the recyclable portion of the product and packaging	112,952	112,380	-0.5%
Recyclable portion in products and packaging in %	96.9%	96.2%	-0.7%

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.

No significant changes were noted for the 2025 reporting year compared to the previous year.

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 talents; manual labor jobs becoming less attractive; retirement of the baby boomer generation. Measures such as employer branding activities, establishing training centers, expanding training programs, a standardized leadership development 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. This was launched in April 2025 with the implementation of a corresponding software module, and by October 2025, succession planning had been carried out for all management positions up to Board -2 level leadership positions.

(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. Creating an attractive working environment is a key factor in managing risks and impacts.

(S1-SBM 3.14a):
PALFINGER's workforce is divided into two main groups — direct and indirect employees. Direct employees are those who are directly involved in the manufacturing of PALFINGER products. In order to cover capacity peaks in these areas, external temporary workers from third-party providers are also engaged. Direct employees are particularly exposed to potential negative impacts concerning their physical health and possible demotivation due to inflexible working hours. For this occupational group, specific preventive measures have been established to avoid workplace accidents and ensure occupational safety. 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):
As a manufacturing company, the sector in which PALFINGER operates is inherently affected worldwide by negative impacts resulting from inflexible working conditions and hours, as well as mental and physical strain. Therefore, these negative impacts can be considered widespread and systemic. These 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 partly arises from the impacts of inflexible working conditions and schedules, as well as from a lack of diversity, which can affect the attractiveness 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 that are 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.

(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 Group Policy Global PALFINGER Management System (GPMS), all companies of the PALFINGER group with a majority shareholding of over 50 percent and more than 100 employees are required to implement an ISO 45001 occupational health and safety management system. PALFINGER plans to complete the introduction under the specified criteria in 2030. The number of employees working at sites with ISO 45001 certification can be found under policy 3, "Group Policy Global Palfinger 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.

Production employees are a vulnerable group, as they are at increased risk of injury. Protective measures specifically designed for employees at PALFINGER production sites can be found under S1-1.23 or under policy 4: "Group Policy Occupational Health & Safety Management and PALFINGER Occupational Safety Guidelines."

(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 content & 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 impacts, risks 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 Governance & Compliance, 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 & Compliance (G&C) 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 results were taken into account when drafting the Code of Conduct, with topics of particular importance to respondents being included as separate chapters.

(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 content & genereal 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 impacts, risks and opportunities

- Working conditions that may cause physical health problems
- Working conditions that may cause mental health problems

Monitoring process

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. The findings have also been incorporated into the 2025 reporting year. 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: Global PALFINGER Management System (GPMS)

(MDR-a):

Key content & general objectives

The Group Policy Global PALFINGER Management System (GPMS) requires all companies with a majority shareholding of over 50 percent and more than 100 employees to introduce and certify an ISO 45001 occupational health and 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) in 2024, which integrates the areas of quality, occupational safety, environment and energy (QHSE). The external certification audit in December 2025 was successfully completed and resulted in the award of ISO certifications for ISO 45001, 14001 and 50001.

Excluding CIS, 41 percent of employees worked at locations with ISO 45001 certification in 2025 (2024: 39 percent).

The GPMS will be rolled out globally throughout the PALFINGER organization in the coming years.

Material impacts, risks and opportunities

- Working conditions that may cause physical health problems
- Working conditions that may cause mental health problems
- The activities of a production company lead to a higher risk of occupational accidents.

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 all companies in the PALFINGER Group with a majority shareholding of over 50% and >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 Global PALFINGER Management System 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 content & general 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 impacts, risks and opportunities

- Working conditions that may cause physical health problems
- Working conditions that may cause mental health problems
- The activities of a production company lead to a higher risk of occupational accidents

Monitoring process

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 content & genereal 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 impacts, risks and opportunities

- Creation of an attractive work environment through training and further development options
- No suitable/insufficient workforce due to demographic change in the region

Monitoring process

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 content & general 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 impacts, risks and opportunities

- A lack of diversity can reduce the attractiveness of jobs
- Creation of attractive employment opportunities through training and development options
- Ensuring fair wages
- No suitable/insufficient workforce due to demographic change in the region

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. The recruitment policy defines the recruitment process and the roles within that process. 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 process
Evaluations and analyses of the Group policy are the responsibility of Global HR, following advanced training courses in 2024, training opportunities were created for this purpose via the PALFINGER intranet. 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.

(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 content & general 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 impacts, risks 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 process
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 briefing them on the policy.

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

(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 Managementsystem, 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
- Safety Comittee Meetings or Occupational Safety Committee (ASA) meetings
- Tier-1-Tier-3 Shopfloor 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 and development reviews, regular exchange opportunities). A defined process for Performance & Development Reviews foresees three meetings per year. Feedback is recorded in a standardized HR system. This enables PALFINGER, while fully complying with data protection requirements, to analyze the completion rate of the Performance & Development Reviews.
- 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. In 2025, an evaluation of a global provider for employee surveys was conducted; therefore, no survey took place during that year. At the beginning of 2026, a process-optimized global employee survey will be conducted.

Indirect forms of engagment

- 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 2024, allowing employees to submit proposals aimed at reducing the carbon footprint and increasing energy and resource efficiency. The implementation of the ideas is currently underway. For example, the electrification of the work platforms has already been partially realized. In 2025, no Innovation Challenge was held, as the ideas from the previous year are still being implemented. A renewed implementation of the Innovation Challenge is currently under evaluation.

(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. At the corporate level, the PDR process evaluates whether goals and development opportunities have been decided upon and evaluated. More detailed information on this can be found under Measure 7, "Performance & Development Review (PDR)." Further measurement of effectiveness and conclusions are expected across the group with the next employee survey.

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. Measurements of effectiveness and conclusions are expected from the PDR process and the next group-wide employee survey.

(S1-3.32b):
The following channels have been established by PALFINGER itself:

- Direct reporting through managers or regional HR officers
- "Integrity Line"
- Contacting G&C directly
- Works council consultation hours

(S1-3.32c):
Possible violations of laws and internal policies can be reported from the employees using the "Integrity Line". Reported violations of the law, the Code of Conduct or other group policies are continuously evaluated. Where suspicious cases are substantiated, they are investigated by G&C and appropriate improvement actions were defined with the responsible management.

(S1-3.32d):
Guidelines for using the Integrity Line and technical support is available to ensure that all employees are equipped to effectively utilize the channel.

(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 3-step process throughout the year. More detailed information can be found under Measure 7, "Performance & Development Review (PDR)". 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 is required to complete mandatory training on the Code of Conduct. This training provides information on all channels through which concerns or complaints can be reported. In this way, PALFINGER ensures that all employees are aware of these channels and that their effectiveness is maintained. Furthermore, additional actions – such as intranet articles – highlight the importance of the Code of Conduct. In addition, a new Governance & Compliance SharePoint has been established, providing employees with continuous access to up-to-date information and e-learning materials.

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 G&C 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:
- Mental Health initiative
- PALfit Active Moments
- Health & Safety Trainings
- Global accident reporting and investigation system
- Group Policy Mobile Work
- European works council and employee engagement
- Anti-Harassment Campaign
- Succession Planning

(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:

- Performance & development reviews
- Learning management system
- Role Models Campaign

As part of the annual review of the portfolio of actions in accordance with ESRS S1-4, the ‘Health and Safety Initiative’ action was replaced by the ‘Mental Health’ initiative. In order to promote holistic health at PALFINGER, the prevention of physical complaints was promoted in 2024, while the focus in 2025 was on the prevention of mental illness.

(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, Learning & Development and the works council, which are impacted by the actions.

Action 1: Mental Health Initiative

(MDR-a):
The Mental Health Campaign was designed by Global Health Management – PALfit and aims to actively promote mental health, raise awareness of mental stress and encourage openness in dealing with mental health issues within the company.

The following topics were addressed through targeted communication measures, workshops, e-learning programmes and support services:

- Raising awareness of mental health and the importance of preventive measures among all employees
- Reducing stigma in dealing with mental challenges
- Increasing the use of existing support services
- Improving well-being and employee satisfaction, which has a positive effect on motivation, team dynamics and productivity
- Reducing stress-related absences, thereby contributing to the long-term health of the workforce

The action was implemented to reduce the negative effects of mental health risks, positively influence work-life balance, and actively promote employee well-being. The action contributes to compliance with the objectives of the Health Management Policy. An assessment of the action is expected in the next employee survey.

(MDR-b):
The Mental Health Campaign comprises a comprehensive package of actions to promote the mental health and resilience of employees throughout the entire organisation. The focus is on education, prevention and concrete support services in everyday working life. The action is being implemented internationally throughout the PALFINGER Group. Communication measures and training courses are provided in multiple languages to ensure access for all employees, regardless of their functional area or location. The upstream and downstream value chain is not covered by this action.

(MDR-c):
The action was launched at the end of June 2025 and will be continued and expanded over the next years to ensure that the mental health approach becomes permanently established.

(MDR-d):
The mental health campaign was launched as a preventive action to promote the mental health and resilience of employees.

The aim is to counteract potential stress factors at an early stage and create a supportive working environment that prevents mental illness and stress-related absences. The action is therefore proactive in nature and forms part of PALFINGER's strategic sustainability targets to sustainably improve working conditions and strengthen corporate culture.

(MDR-e):
This is a new action launched in 2025.

(MDR-A-69):
The action will be implemented using internal communication resources and training platforms, meaning that no significant CapEx or OpEx investment expenditure is required.

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 action 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 2025 – over 1,000 participants and more than 1.1 million minutes of physical activity accumulated – was surpassed Compared to the previous year, 2025 saw a increase in participants and roughly constant minutes of exercise. This highlights the effectiveness and importance of this action. In recognition of this achievement, PALFINGER donated EUR 10,000.00 to Doctors Without Borders. Over 1,000 employees from around 50 different nations worldwide took part in the campaign, collectively accumulating a total of over 1,1 million 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 an 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 over 1,100 in 2025. In 2025, over a million minutes of exercise were collected, more than exceeding the WHO's average target of 150 minutes of exercise per week per participant.

(MDR-A-69):
No significant CapEx and OpEx are required to implement the action.

Action 3: Health & safety tranings

(MDR-a):
At present, PALFINGER has a library of around 1,240 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 action 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 action 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, 478 global training videos were produced, and 15 site-specific trainings were uploaded to the system and made accessible for instructional purposes. Based on the online training courses, 166 online qualifications were completed during the reporting period.

(MDR-A-69):
No significant CapEx and OpEx are required to implement the action.

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 action 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 actionleads to the achievement of the Group Policy Global PALFINGER Management System.

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 2025, a total of 330 accident detail investigations were conducted for 216 accidents.

(MDR-A-69):
No significant CapEx and OpEx are required to implement the action.

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. It is of utmost importance to define and ensure the right balance between mobile working and office presence.

The global principles for mobile work stipulate the following aspects which must be observed throughout the group:

- 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
- Workplaces should be shared wherever it makes sense to do so

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 can be 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.

(MDR-A-69):
No significant CapEx and OpEx are required to implement the action.

Action 6: Dialogue with 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 action 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 action 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.

(MDR-A-69):
No significant CapEx and OpEx are required to implement the action.

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 action 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 2025 and recorded in the system. The completion rate was 83.1 percent (2024: 86.4 percent) of all indirect employees.

(MDR-A-69):
No significant CapEx and OpEx are required to implement the action.

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 action 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. A process to select a new e-learning provider was launched in 2025. At the beginning of 2026, PALFINGER employees will have access to a new learning platform offering a more comprehensive range of courses, including additional language courses.

(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.

(MDR-A-69):
No significant CapEx and OpEx are required to implement this action.

Action 9: Anti-Harassment Campaign

(MDR-a):
To promote a respectful and safe working environment, the company launched an Anti-Harassment Campaign in 2025. The initiative aims to raise awareness of the topic and sensitize employees to issues of harassment and discrimination. The campaign communicates which types of behavior constitute harassment or discrimination and how affected persons or witnesses can respond appropriately. Specific contact persons and the option to report via the Integrity Line are also communicated.

This action is part of a broader awareness campaign series, which also includes topics such as the Integrity Line and anti-corruption. Implementation formats so far include an e-learning module for all employees, a poster campaign at the sites in China, Vietnam, and Bulgaria, as well as intranet articles.
The campaign supports the implementation of PALFINGER's Anti-Harassment and Anti-Discrimination Policy by raising awareness among employees about behaviors that foster an inclusive work environment and those that are considered harassment or discrimination. Reporting channels are clearly communicated, and an active prevention culture within the company is promoted.

(MDR-b):
The Anti-Harassment Campaign addresses all company employees. Initially limited to selected sites, the poster campaign is being gradually expanded and will cover all global sites in the coming years. The initiative exclusively targets internal operations and does not extend to the upstream or downstream value chain.

(MDR-c):
The campaign was launched at the end of June 2025 and will be rolled out progressively in the coming years.

(MDR-d):
This action was not implemented solely in response to specific cases but rather as a proactive initiative to raise awareness of the topic and sensitize all employees. It also aims to actively support affected individuals by promoting confidential reporting options via the Integrity Line and thereby lowering barriers to seeking help.

(MDR-A 69):
No significant CapEx or OpEx is required for the implementation of this action.

Action 10: Role Models Campaign

(MDR-a):
Through the Role Models Initiative, PALFINGER actively promotes an inclusive, collaborative, and performance-oriented corporate culture. Role Models are PALFINGER employees who achieve outstanding results and stand out through their work and personality. A Role Model is independent of position, gender, or background. They serve as sources of inspiration and motivation, exemplify positive behavior, and embody PALFINGER's corporate culture. This initiative strengthens cohesion within the PALFINGER organization and demonstrates that all employees have equal opportunities to succeed professionally. By placing special focus on female Role Models, the initiative highlights women and can have a positive long-term impact on PALFINGER's objective of increasing the proportion of women in top management.

(MDR-b):
Role Models can be nominated by any PALFINGER employee, based on a standardized nomination process. Role Models who agree to their nomination are presented on a dedicated SharePoint page, in the intranet, and through external communication channels such as social media.
The initiative has been rolled out globally and applies to all PALFINGER employees. It does not cover the upstream or downstream value chain.

(MDR-c):
The initiative was launched in March 2025, on International Women's Day, focusing initially on the nomination of female Role Models. In September 2025, it was extended to include male employees. The initiative concluded at the end of 2025.

(MDR-d):
This action was implemented to have a positive impact on the low proportion of women at PALFINGER. Due to the industrial sector in which the company operates, women remain underrepresented at PALFINGER. The Role Models aim to increase visibility for the diversity of personalities, competencies, and career paths within the company and thereby contribute to a higher share of women.

(MDR-e):
More than 100 employees have already been nominated as Role Models.

(MDR-A 69):
No significant CapEx or OpEx is required for the implementation of this action.

Action 11: Succession Planning

(MDR-a):
The Succession Planning action aims to ensure long-term personnel stability and competence within the company. Through structured and transparent planning of successions for identified critical key positions, knowledge transfer, continuity, and leadership accountability are strategically anchored.

Expected outcomes include the mitigation of training and development-related risks:

- Retention and transfer of know-how: Ensuring the transfer of knowledge and experience through early identification of potential successors.
- Employee development and retention: Promoting internal talent through targeted development programs and career paths.
- Risk mitigation: Reducing staffing shortages and operational risks through planned handovers, enabling quicker and better responses to workforce structure changes.
- Strengthening corporate culture: Ensuring continuity of values, leadership compentencies, and sustainable decision-making structures.
- Risk mitigation: Reducing the search effort for qualified workforce negatively affected by demographic changes.

This action also helps prevent risks such as loss of knowledge due to staff departures or operational instability caused by unfilled key positions. Furthermore, it supports fair, transparent, and equitable employee development, which is expected to minimize governance risks associated with leadership vacuums or knowledge loss.

(MDR-b):
The action includes systematic identification, assessment, and development of potential successors for key and leadership positions across the Group. It relates solely to PALFINGER’s own operations; the upstream and downstream value chain is not included.

(MDR-c):
In 2025, the action was implemented for the first time as mandatory for the first two management levels below the Executive Board. A gradual expansion is planned and is already voluntarily possible for the third leadership level below the Executive Board.

(MDR-d):
The Succession Planning action was not introduced to remedy situations affecting already impacted individuals. Rather, it is a preventive and strategic action designed to identify potential HR-related risks at an early stage.

(MDR-A 69):
No significant CapEx or OpEx is required for the implementation of this action.

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 under six percent on a rolling average over the last twelve months. Voluntary turnover refers to those departures from the company that are requested by employees themselves. The employment relationship was terminated by decision of the employee and thus contributes to voluntary turnover.

Actions addressing working time and work-life balance, such as the agreement about mobile work, 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 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 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 with the exception of CIS and Romania.

(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):
No changes were made to the target definition in 2025.

(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 2025, the turnover target was once again met and stood at 4.5 percent.

Target 2: Proportion of women in 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. These functions are mainly located one level below the Executive Board. At present only the heads of the product lines, finance regions and procurement categories have an additional level below them. The overall current proportion of women in 2025 was 15.4 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 15.4 percent in 2025. 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 2025.

(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 2025, 9.1 percent of positions in the global management team were held by women (2024: 7.1 percent). This is below the 15.4 percent overall proportion of women at PALFINGER in 2025 (2024: 14.9 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 2025 was 10.9 accidents per million working hours. The TRIR target for 2028 was set at 8.5. The TRIR target was determined based on an analysis of the TRIR's development to date and the potential for improvement derived from this until 2028. The target values were also compared with similar industry values in the mechanical engineering and metalworking sectors.

(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 COO.

(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 2028 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):
In the reporting year, the target value for 2028 for the TRIR accident rate was reduced to 8.5 (previously 10.4).

(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 target value for 2025 of 10.9 was significantly undershot at 9.17. This is attributable, among other things, to the actions implemented such as the Health & Safety trainings or the global accident reporting system.

3.1.3.2 S1-6 – Characteristics of the undertaking's employees

Values for characteristics of the company's workforce are given in the following tables (S1-6.50a, S1-6.50b) as total numbers of persons at global level and based on period-end data. The only exception is staff turnover (S1-6.50c), which is calculated in relation to the average number of employees during the reporting period. Employees, workers, and apprentices with active employment contracts were included in the calculation; interns and temporary workers were not included.

(S1-6.50a):
Total number of employees by head count and breakdowns by gender and country

Number of employees	2024	2025	% N/N-1
Gender			
Male	10,517	10,206	-3.0%
Female	1,841	1,852	0.6%
Other	-	-	-
Not reported	-	-	-
Total employees	**12,358**	**12,058**	**-2.4%**

Due to the sale of Mega Repairing Machinery Equipment LLC, Dubai, Megarme General Contracting Company LLC, Abu Dhabi, and Megarme Inspection & Engineering Services LLC, the number of employees reduced. Beyond that, there was no significant change in the number of employees.

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	2024	2025	% N/N-1
Country			
Austria	2,707	2,726	0.7%
Russia	1,536	1,473	-4.1%
Bulgaria	1,414	1,394	-1.4%

With 5,593 employees, the number of employees in the countries listed represents approximately 46 percent of the total number of employees. This represents a marginal decrease of -1.1 percent compared to the previous year.

(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	-	-	-	-	-

Number					2025
	Male	**Female**	**Other**	**None**	**Total**
Number of employees	10,206	1,852			12,058
Number of permanent employees	10,001	1,772			11,773
Number of temporary employees	205	80			285
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, applied mainly for a limited amount of project work and professional internships.

The number of male employees with permanent contracts decreased by 3 percent compared to the previous year, while the number of female employees remained almost unchanged. This is due to the sale of Mega Repairing Machinery Equipment LLC, Dubai, Megarme General Contracting Company LLC, Abu Dhabi, and Megarme Inspection & Engineering Services LLC.

(S1-6.50c):
Employee departures and turnover

Number and percent	**2024**	**2025**	**% N/N-1**
Total number of departures	2,383	1,802	-24.4%
Employee turnover rate	19.0%	14.8%	-4.2%

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.

Employee turnover was significantly reduced in the 2025 reporting period. PALFINGER believes that the strategic decisions made under S1-SBM 3.13a and the measures implemented under S1-4 have led to greater employee retention. More detailed information for optimization measures should be obtaind from the 2026 global employee survey.

3.1.3.3 S1-7 – Characteristics of non-employees in the undertaking's own workforce

(S1-7.55a):
The values for globally active temporary workers (non-employees) are shown in the following table (S1-7.55a) as a total number of persons and based on period-end data. Contingent workers and self-employed persons were included in the calculation.

Non-employees within the own workforce (leased personnel)

Number	**2024**	**2025**	**% N/N-1**
Type of employment			
Contingent staff	207	329	58.9%
Independent contractors	-	-	
Total number of non employees within the own workforce	**207**	**329**	**58.9%**

Temporary workers were employed in selected areas to enable flexible adaptation to the order situation and to cover capacity peaks. To ensure that orders were processed on time, PALFINGER increased the number of temporary workers by 122 compared with the same period last year. Due to the low overall number of temporary workers and the variable nature of their assignments, this metic may be subject to higher fluctuations.

(S1-7.55b und c):
At PALFINGER sites, contingent staff (leased personnel) is used primarily in the production processes.

3.1.3.4 S1-8 – Collective bargaining coverage and social dialogue

Values relating to collective bargaining coverage are shown in the following tables as relative values for global employees (S1-8.60a) for the European Economic Area (S1-8.60b-c) or European Works Council coverage (S1.8.63a) and are based on period-end data. Employees, workers, and apprentices with active employment relationships were included in the calculation. Interns and temporary workers were not included in the calculation.

(S1-8.60a):
Collective bargaining coverage

Percent	2024	2025	%
Percentage of all employees covered by collective bargaining agreements.	61.8%	62.1%	0.3%

No significant deviation from the previous year was identified in the current reporting period.

(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

		2025
	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, which is responsible for the following countries in the European Economic Area: Romania, Bulgaria, Croatia, Slovenia, Italy, Austria, Germany, Slovakia, Czechia, Poland, Norway, Denmark, Sweden, France, Spain, Portugal, and Serbia. The European Works Council thus covers 66.9 percent (2024: 63.9 percent) of employees worldwide.

No significant deviation from the previous year was identified in the current reporting period.

3.1.3.5 S1-9 – Diversity metrics

Values relating to diversity are shown in the following tables as absolute and relative values by gender at the highest management level (S1-9.66a) and by age group (S1-9.66b) of global employees, based on period-end data. Employees, workers, and apprentices with active employment contracts were included in the calculation. Interns and temporary workers were not included in the calculation.

(S1-9.66a):
Gender distribution at top management

Number and percent	2024		2025	
	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	65	92.9%	60	90.9%
Female	5	7.1%	6	9.1%
Other	-	-	-	-
Not reported	-	-	-	-
Total	**70**	**100.0%**	**66**	**100%**

The top management level at PALFINGER AG is the Global Management Team. This comprises the Executive Board, the heads of Global and Corp. Functions, the heads of product lines, the heads of purchasing categories, and regional function managers. The top management level is not only subject to a hierarchical dimension, but has also been expanded to include decision-makers who are two levels below the Executive Board. The change in numbers is due to internal restructuring and the resulting temporary vacancies. The proportion of women increased by 2 percent.

(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%**

Number and percent	2025	
	Number of employees	Share of employees in %
under 30 years	1,859	15.4%
30-50 years	7,210	59.8%
over 50 years	2,989	24.8%
Total	**12,058**	**100.0%**

In the current reporting period, no significant deviation in the demographic composition of the workforce was observed compared with the previous year.

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

Social protection values are shown in the following tables as a relative value of global employees (S1-11.74) and, for each country, as the type of coverage (S1-11.75) based on period-end data. The calculation includes employees, workers, and apprentices with active employment contracts. Interns and temporary workers were not included in the calculation.

(S1-11.74):

	2024		2025	
Are all employees socially insured against loss of earnings through public programs or company-provided benefits?	**YES/NO**	**Share of coverage in %**	**YES/NO**	**Share of coverage in %**
a) Sickness	NO	99.8%	NO	99.7%
b) Unemployment from the time the employee starts working for the company	NO	94.8%	NO	96.6%
c) Work accidents and disability	NO	98.0%	NO	99.0%
d) Parental leave	NO	99.2%	NO	99.7%
e) Retirement	YES	100.0%	YES	100.0%

No significant deviation from the previous year was identified in the current reporting period.

(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	all employees[1)]	Unemployment, Employment injury
USA	all employees	Parental leave

1) A review of the previous year's figures revealed that none of the employees in Qatar had social security coverage in the 2024 reporting period. The information has been corrected.

		2025
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	all employees	Unemployment, Employment injury

In 2025, PALFINGER implemented an initiative that enables employees in the USA to take paid parental leave, thus excluding the United States from the list.

3.1.3.8 S1-13 – Training and skills development metrics

Values for training and skills development are shown in the following tables as the relative value of indirect employees in relation to the total number of employees (S1-13.83a) and training hours of global employees by gender (S1-13.83b) based on period-end data. Employees, workers, and apprentices with active employment relationships were included in the calculation. Interns and temporary workers were not included in the calculation.

(S1-13.83a):
Employees participating in regular performance & development reviews

Percent	2024	2025
Male	27.8%	23.8%
Female	54.4%	45.2%
Other	-	-
Not reported	-	-
Total of employees	**31.7%**	**27.1%**

PALFINGER has seen a decline in regular performance and development reviews in the CIS region, which has had a negative impact on the global rate.

At the end of March 2025, the annual PDR process was completed again and a completion rate of 83.11 percent (2024: 86.4 percent) for indirect employees was recorded in the system.

(S1-13.83b):
Training hours per employee

Average number of training hours per gender	2024	2025
Male	7.3 hours	7.4 hours
Female	8.9 hours	12.7 hours
Other	-	-
Not reported	-	-
Total of employees	**7.5 hours**	**8.2 hours**

The increase in training hours per employee compared to 2024 is mainly due to a larger number of professional development programs at one location.

3.1.3.9 S1-14 – Health and safety metrics

(S1-14.88a-e):

Number and percent	2024	2025	%
Percentage of the company's workforce covered by the company's health and safety management system	34.0%	37.0%	3.0%
Number of fatalities as a result of work-related injuries and work-related ill health	-	-	-
Number of recordable work-related accidents	203	216	6.4%
Rate of recordable work-related accidents (Total Recordable Injury Rate – TRIR)	8.43	9.17	8.8%
Number of cases of recordable work-related ill health, subject to legal restrictions on the collection of data	2	-	-100.0%
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	3,400	4,489	32.0%

The Total Recordable Injury Rate (TRIR) is the number of work-related accidents resulting in injuries (TRI) per 1 million hours worked. The total number of reportable injuries is the number of work-related accidents that have resulted in injuries (fatalities, accidents with lost time, accidents requiring medical treatment, accidents with limited work capacity). The total number of hours worked corresponds to the planned working hours (regular working hours per employee). If a direct calculation is not possible, an estimate is made based on the standard working hours based on the full-time equivalent. Paid vacation days are taken into account.

The slight increase in work-related accidents and the accident rate compared to 2024 is due to an increase in production capacity utilization with a parallel increase in the number of employees and the onboarding of new employees. Nevertheless, 2025 saw the second-best result since TRIR measurements began in 2018, and the long-term trend also shows a sustained decline in TRIR.

The number of days lost is counted from the first full day to the last day of absence. Calendar days are taken into account in the calculation, i.e., days on which the employee concerned is not scheduled to work (e.g., weekends, public holidays) are counted as days lost. In 2025, the absence rate rose in line with the increase in the TRIR and reportable accidents.

In 2025, 41 percent (2024: 39 percent) of employees—excluding CIS—worked at sites with ISO 45001 certification; including CIS, the figure was 37 percent (2024: 34 percent). Including CIS, the implementation rate thus increased by 3%. Further information can also be found under Concept 3: “Group Policy Global PALFINGER Management System”.

3.1.3.10 S1-15 – Work-life balance metrics

(S1-15.93a):

Values for work-life balance were given in the following table as relative values for global employees and gender distribution (S1-15.93a) based on period-end data. Employees, workers, and apprentices with active employment contracts were included in the calculation. Interns and temporary workers were not included in the calculation.

Employees entitled to take family-related leave

Percent	2024	2025
Gender		
Male	96.0%	96.2%
Female	96.0%	96.2%
Other	-	-
Not reported	-	-
Total number of employees	**96.0%**	**96.2%**

This metric includes all employees who are entitled to leave for family reasons (maternity, paternity, and parental leave, as well as care leave). Interns and temporary workers are not included in this metic. No significant deviation from the previous year was identified in the current reporting period.

3.1.3.11 S1-16 – Remuneration metrics (pay gap and total remuneration)

Gender-specific and segmented pay gap (company-specific indicator):

Percent	2024	2025
Gender pay gap (segmented)	13.9%	14.6%

This metric represents the segmented gender pay gap at the global level. Due to its higher significance in this industry, this key figure is used for internal reporting and to derive targeted measure. The average gross hourly pay of female employees is 14.6 percent lower than that of male employees. To obtain a meaningful indicator, the gender pay gap was first calculated per country and separately for direct and indirect employees. The data was subsequently weighted and aggregated based on headcount to derive a global indicator. This still does not reflect a fully adjusted gender pay gap, as explanatory variables such as qualifications, experience, and job requirements are not considered. It is not yet possible to make any statements about gender-specific pay differences for work of equal value. This will be made possible through the implementation of the global job architecture.

(S1-16.97a):

Gender-specific and unadjusted pay gap

The specified calculation basis for the gender pay gap according to ESRS measures the unadjusted gender pay gap at a global level. It calculates the difference between the average gross hourly pay of men and women as a percentage of the average gross hourly pay of men.

The unadjusted gender pay gap at group level is -3.8 percent (2024: -3.6 percent). This figure is significantly influenced by the high proportion of men (93.5%) in production-related areas with lower wage levels. Therefore, in view of the industry-specific characteristics of PALFINGER as a production-related company, the segmented gender pay gap shown above is also reported as a company-specific metric.

In addition to the full-time basic wage or salary, both calculations also include other contractually agreed remuneration in the form of cash or benefits in kind that employees receive directly or indirectly for their employment. External or inactive employees, apprentices, and interns are excluded.

(S1-16.97b):
Total remuneration ratio of the highest paid individual to the median of all employees

Ratio	2024	2025
Remuneration ratio / ratio of total remuneration	68:1	65:1

The total annual compensation of the highest-paid individual is 65:1 (2024: 68:1) relative to the median total annual compensation of all employees. External or inactive employees, apprentices, and interns are excluded from this ratio.

In addition to the basic wage or salary, the total annual remuneration also includes all other contractually agreed remuneration in the form of cash or non-cash benefits that the employee receives directly or indirectly for their employment. Part-time employees are extrapolated to a full-time equivalent.

3.1.3.12 S1-17 – Incidents, complaints and severe human rights impacts

(S1-17.103a-c):
Reported incidents of discrimination

Number and TEUR	2024	2025
Total number of incidents of discrimination (including harassment) reported	14	10
Total number of complaints filed through all channels available for raising concerns	10	19
Total amount of material fines, sanctions and compensation for damages as a result of the above incidents in TEUR	66	34

The number of reported cases of discrimination and complaints received through all available channels refers to the number of reports submitted before they have been reviewed and assessed. The increase in complaints is primarily due to the increased awareness of the Integrity Line as a result of training courses (see G1-1.10a and c).

Every complaint or reported incident is reviewed and, if necessary, investigated further. The initial processing of a report is carried out centrally by G&C in cooperation with Corp. Internal Audit. Depending on the nature of the specific allegations, further case processing is carried out by G&C, Corp. Internal Audit, or with the involvement of other departments such as Human Resources and Corp. Counsels.

(S1-17.104a-b):
Reported human rights incidents

Number and TEUR	2024	2025
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 "workers in the value chain" 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.

Since the negative impact of employees in the value chain mainly relates to human rights and the issue of conflict minerals is an important prerequisite for listing as a supplier in some customer segments, the focus of the topic workers in the value chain in 2025 was on conflict minerals. Conflict minerals are raw materials mined in conflict zones and high-risk areas where trading with them can contribute to violence and serious human rights violations, including child and forced labor. The mining and trade of these minerals poses risks to companies with complex global supply chains, including PALFINGER, in terms of human rights and ethical procurement. Through the actions taken in this area, in the form of a standardized template for reporting on conflict minerals by suppliers, PALFINGER intends to promote responsible procurement practices, transparency, and respect for human rights throughout its supply chain.

(S2-SBM 3.10b):
Workers in the value chain have been identified as a material topic and incorporated into the sustainability strategy accordingly. PALFINGER is actively engaged in establishing specific targets 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.

Regions with a significant risk of human rights violations, including child and forced labor, are the Democratic Republic of Congo and its neighboring countries, particularly in connection with the mining of conflict minerals.

(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.

(S2-SBM 3.11e):
There are no material risks and opportunities for PALFINGER 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 of the extent to which workers in the value chain are more severely affected by negative impacts 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

General information on policies

(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 actions 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 actions 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):

Key content & general objectives

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.

Material impacts, risks 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

Monitoring process

More details on contents and monitoring processes can be found in disclosure G1-1 MDR-P a.

(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 Global Network Development and Training 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-e):
The purchasing department was involved in order to incorporate the suppliers' perspective into the policy development.

(MDR-f):
The Code of Conduct for Business Partners is published on PALFINGER's corporate website.

Policy 2: Safe work environment for workers in the value chain

(MDR-a):

Key content & general objectives

- **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 actions, 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 among other things 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. In addition, PALFINGER takes into account relevant standards such as ISO 14001 for environmental management systems and ISO 50001 for energy management systems, which are discussed in section E1 2. ISO 45001 for occupational health and safety is covered in section S1-1.

Material impacts, risks and opportunities

This policy ensures that physical harm caused by inadequate product safety is avoided to the maximum extent possible.

Monitoring process

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 actions 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 value chain is included in the policy because, on the one hand, cooperation with retailers is essential to improve product safety and, on the other hand, safe products are intended to enhance the health and safety of business partners and end customers.

(MDR-c):

Quality Management 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.

Policy 3: PALFINGER Coporate Policy

(MDR-a):

Key content & general objectives

The policy is based on an integrated approach that harmonises quality, safety, environmental and social aspects. It serves as a guideline for the continuous improvement of products, processes and cooperation with all stakeholders along the value chain.

- **Customer focus**
  Close cooperation with customers to fully understand their requirements and offer them maximum satisfaction through value-added products and services. Consideration of user safety, environmental and energy aspects throughout the entire life cycle.

- **Employees as a success factor**
  Promotion and active involvement of employees in quality assurance and improvement. Creation of safe, healthy workplaces and continuous improvement of working conditions.

- **Cooperation with suppliers and partners**
  Collaborative partnerships to ensure the highest product and service quality. Suppliers and partners must adhere to the same quality and sustainability standards.

- **Continuous improvement**
  Constant optimisation of processes, solutions, safety, environmental protection and energy consumption. Use of preventive risk and opportunity management.

- **Compliance with legal and regulatory standards**
  Strict compliance with national and international regulations on quality, safety and the environment. Regular internal and external audits to ensure standards are met.

- **Environmental and sustainability aspects**
  Sustainable product and service development with a focus on energy efficiency and resource conservation. Minimisation of environmental impact and implementation of the PALFINGER sustainability strategy.

The PALFINGER Corporate Policy forms the basis for the lasting quality, safety, sustainability, and reliability of all products and services.

Material impacts, risks and opportunities

This policy ensures that physical damage that could result from inadequate product safety is avoided as far as possible.

Monitoring process

Compliance with the policy is verified through internal and external audits as part of the ISO (9001) audit process.

(MDR-b):
The corporate policy applies worldwide to all PALFINGER locations and internal processes – from development and production to service. The focus is on the company's own business activities. The upstream and downstream value chain is included insofar as cooperation with suppliers and business partners is sought.

(MDR-c):
The Quality Management department is responsible for implementing this policy. The policy has been approved by the Executive Board.

(MDR-d):
As part of implementing this policy, PALFINGER is committed to complying with ISO 9001 standards. Not all locations are currently ISO 9001 certified, but the goal is to achieve this by 2030.

(MDR-e):
The policy was developed as part of ISO certification, in collaboration with employees, suppliers, and business partners.

(MDR-f):
The corporate policy is available to employees via the intranet through the Group Policy System. External stakeholders do not have access to this policy.

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 actions are defined with the responsible management. For effectiveness monitoring, see S2-3.27a.

(S2-3.28):
When a report is submitted, the information provided will only be shared with persons who need it to investigate and resolve the matter. PALFINGER expressly prohibits any form of retaliation against persons who submit a report in good faith or cooperate 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 actions 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

The action ‘Sustainability criteria for selected strategic suppliers’ was implemented as a pilot project in 2024. In 2025, the project was temporarily suspended in order to reassess the results and future direction. Currently, we are examining how the action can be continued or replaced by a new initiative.

Action 1: Conflict minerals

(MDR-a):
In 2025, PALFINGER placed a strategic focus on conflict minerals within its supply chain. After identifying relevant procurement groups, a project was launched to develop a product-specific template for reporting on conflict minerals (CMRT), which was created by the Responsible Minerals Initiative (RMI). The CMRT provides a standardized framework for collecting and reporting data on smelters and refiners, thereby improving transparency and traceability throughout the supply chain. It helps to determine whether materials originate from conflict or high-risk areas. Identified suppliers have been required to pass on the approach along the value chain to enable the traceability of smelters and refiners associated with PALFINGER's supply chain.

As a result of this cross-functional project and the involvement of suppliers, a company-wide template for conflict minerals reporting was introduced for PALFINGER, thereby strengthening transparency and accountability in the company's mineral procurement.

There are no policies or targets for this action. The action relates to the following negative impacts:

- Working conditions that can lead to mental or physical health problems
- Violation of the human rights of employees in the value chain with regard to child labor
- Violation of the human rights of employees in the value chain with regard to forced labor

(S2-4 -32):
The introduction of the Conflict Minerals Reporting Template (CMRT) does not eliminate human rights risks per se, but it is an important step toward identifying and combating potential negative impacts on workers in the upstream value chain. By adopting the Responsible Minerals Initiative (RMI) framework, PALFINGER is increasing transparency regarding the origin of minerals and the smelting and refining companies involved.

This transparency enables more targeted supplier engagement and risk-based due diligence, preventing the company from being inadvertently associated with supply chains that may contribute to child labor, forced labor, or other human rights abuses. In the long term, this approach supports the promotion of responsible sourcing practices and improved working conditions throughout the value chain.

(S2-4-33):
PALFINGER's approach to dealing with conflict minerals is based on the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

The decision to adopt the Responsible Minerals Initiative (RMI) and implement the Conflict Minerals Reporting Template (CMRT) was made after reviewing industry best practices, as alignment with a recognized, widely adopted framework was deemed the most appropriate and effective first step.

PALFINGER maintains a complaints mechanism in the form of the Integrity Line, which is accessible to both internal and external stakeholders and enables concerns regarding human rights or ethical conduct to be reported confidentially.

(S2-4-34):
There are no risks or opportunities relating to workers in the value chain.

(S2-4-35):
See S2-4-32

(S2-4-36):
To date, PALFINGER has not encountered any serious problems or incidents relating to human rights within its upstream and downstream value chain.

(S2-4-38):
PALFINGER addresses material impacts through the targeted use of dedicated resources in sustainability management, G&C, and the purchasing department. This cross-functional approach facilitates the management of these impacts across the entire value chain.

This action was discussed by the Sustainability Council and approved by the management of the strategic action area Governance & Compliance.

(MDR-b):
This action affects employees in the upstream value chain beyond Tier 1 suppliers. The Democratic Republic of Congo and its neighboring countries are particularly affected by the mining of conflict minerals.

(MDR-c)
This action will be continued on an ongoing basis, as the CMRT must be updated regularly to remain accurate and effective. In the coming years, PALFINGER will focus on improving data collection processes and defining further measures to strengthen due diligence in the supply chain.

(MDR-d)
PALFINGER has no reports of any actual material adverse human rights impacts in its supply chain. However, the company maintains a grievance mechanism that is accessible to both internal and external stakeholders. This mechanism enables concerns related to potential human rights or ethical issues to be raised, investigated, and addressed in a structured manner.

(MDR-A 69)
No significant CapEx and OpEx are required to implement the action.

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 action aimed at avoiding accidents involving PALFINGER products.

(S2-4.32 & 35):

1. Access to information for end customers and partner companies: PALFINGER's data platform 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 the data platform are currently available to registered users.

3. Operating instructions and handover training: Each machine is delivered with an operating manual, where applicable 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. This is done using the assessment tool via the PALFINGER data platform.

(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 risks or opportunities relating to workers in the value chain.

(S2-4-36):
To date, no 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 is supported by the newly established Centre of Excellence for Quality Management, which provides centralised methods and tools. This 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.

(MDR-A 69)
No significant CapEx and OpEx are required to implement the action.

Action 3: Supplier audit management

(MDR-a):
As part of this action, existing manual structures in the supplier audit process were completely digitized to increase transparency and efficiency in supplier evaluation. A newly developed app, embedded in the existing customer engagement and helpdesk platform, enables the digital presentation of supplier audits and self-assessments. This provides a transparent and up-to-date picture of the performance level and reliability of suppliers. The implementation of self-assessments will enable suppliers to carry out evaluations themselves in the future.

The digital solution enables faster, more accurate, and more transparent supplier evaluation and creates the basis for data-driven decisions and sustainable process optimization.

Supplier audits also include questions on sustainability criteria such as environmental management, human rights, occupational safety, etc.

There are no policies or targets for this action. The action relates to the following negative impacts:

- Working conditions that can lead to mental or physical health problems
- Physical injury to customers due to inadequate product safety
- Violation of employees' human rights in the value chain

The development and implementation of the digital supplier audit process can achieve greater transparency and traceability of social and labor standards along the supply chain. The action enables the monitoring of supplier audits, thereby creating an improved basis for identifying and addressing risks related to the environment, working conditions, occupational safety, and human rights at an early stage.

The effectiveness of the action is ensured by a structured monitoring and reporting system. All audit results and corresponding actions are documented centrally and then systematically evaluated. Key figures such as the number of audits completed, identified deviations, and the degree of implementation of corrective action are regularly reviewed and analyzed. Based on this data, the progress of suppliers with regard to defined environmental, social, and labor standards can be continuously assessed.

(S2-4-33):
The action was developed as part of the "Quality Leader" program, which is part of the company-wide "Lifting Quality" program. The aim of this program is to ensure seamless, error-free, and standard-compliant customer interaction. The focus is on preventive quality assurance in order to ensure customer satisfaction and economic efficiency through continuous improvement.

(S2-4-34):
There are no risks or opportunities relating to workers in the value chain.

(S2-4-36):
To date, no cases of serious human rights issues or incidents related to its upstream and downstream value chain have been reported to PALFINGER.

(S2-4-38):
Internal resources are provided by Global Supplier Quality Management to manage the impact.

(MDR-b, c):
The action affects the upstream value chain. To date, a pilot project has been implemented at MARINE in Poland and the Netherlands, and an initial rollout of the action has taken place at NAM. A global rollout to all strategic suppliers is planned for 2026.

(MDR-A 69)
No significant CapEx and OpEx are required to implement the action.

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.

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 content & general objectives
The current version of PALFINGER's Code of Conduct is the basis for legally correct and ethically responsible conduct for doing business. It defines key principles that apply to all business activities. This also involves the requirements of sustainable business. To this end, PALFINGER applies high reporting standards and a transparent approach to business.

The Code of Conduct addresses the following key topics 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

Material impacts, risks and opportunities:

Compliance with legal and ethical requirements is a top priority for PALFINGER. 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 joint values, mission statement and a comprehensive code of conduct
- Compliance management for early detection of rule violations, such as concepts, training and controls
- Commitment to established standards and principles (e.g., SBTi, ISO, SASB, UNGC, SDGs, etc.) contribute to environmental and social efforts
- Established reporting processes for the detection and efficient handling of corruption and bribery incidents
- Ensuring transparent and accessible information for good stakeholder relations, empowering stakeholders and enabling informed decision-making
- Risks arising from compliance violations

Monitoring process

To facilitate compliance with the Code of Conduct, PALFINGER has established company-wide measures and processes to ensure that the applicable legal requirements are known and met. Trainings are mandatory for PALFINGER employees and are carried out regularly. If misconduct is suspected there are various ways to report it.A notification can be reported to the manager, the HR department and the Integrity Line. All 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 Governenance & Compliance (G&C) and if necessary by Corporate Internal Audit and appropriate measures are defined with the responsible line management.

(MDR-b):

Integrity is paramount in all of PALFINGER's activities. The Code of Conduct is a binding standard for legally and ethically correct behaviour. All employees are expected to comply with the standards defined therein, and active compliance is required. The Code of Conduct 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):

Responsibility for implementing the Code of Conduct lies at the highest level with the Executive Board of the PALFINGER Group. The Executive Board has signed the Code of Conduct and is committed to its contents and objectives. The formulation of the Code of Conduct, defining its processes and providing training related to the Code of Conduct is the task of Governance & Compliance (G&C).

(MDR-d):
PALFINGER's long-term success depends on healthy and fairly treated employees. PALFINGER therefore is committed to complying with internationally recognised standards 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 G&C, 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 by including topics that were particularly important to respondents as separate chapters. This includes, for example, fair working conditions and equal opportunities.

(MDR-f):
PALFINGER ensures that the Code of Conduct is accessible and understandable to all employees at all times. This ensures that the applicable standards are known. The Code of Conduct is published on the company website and is therefore available at any time. In addition, it is communicated as part of the mandatory Code of Conduct training.

(G1-1.9):
PALFINGER anchors the cultural pillars 'REACH UP, REACH OUT and REACH BEYOND' as central components of its corporate culture. They stand for the continuous pursuit of improvement and form the basis for the guiding principle 'BEING BETTER'.

- BE PASSIONATE AND REACH UP stands for passion and the desire to continuously develop oneself and the company.
- BE STRAIGHTFORWARD AND REACH OUT emphasises open communication, cooperation and shared learning.
- SHOW LEADERSHIP AND REACH BEYOND describes the courage to think in new ways, drive innovation and actively shape opportunities.

These principles guide the further development of ways of thinking, working and behaving, as well as trusting cooperation with customers, partners and employees. In this way, PALFINGER contributes to the successful implementation of the 'Reach Higher' 2030+ strategy and at the same time strengthens the brand and corporate culture in the long term.

Building on these cultural pillars, the previous leadership principles have been further developed into leadership competencies. They define uniform expectations for managers and form the framework for responsible and results-oriented leadership throughout the company. The competency model comprises six dimensions: deliver sustainable results, entrepreneurial and strategic focus, collaborating across departments, empowering and developing employees, inspire excellence, and continuously reflecting and learning.

As part of the introduction of the 2030+ "Reach Higher" strategy, these principles and values were presented to employees at town hall meetings, discussed in several workshops, and made available to employees in a brochure.

(G1-1.10a):
Potential violations of laws and internal policies or instances of misconduct both from employees and external stakeholders can be reported using the Integrity Line. The Integrity Line is available for whistleblowing purposes both under real names and anonymously.

Upon receipt of a report, a structured initial assessment is carried out. This involves checking the plausibility, existing evidence and the severity of the allegations. Based on this preliminary assessment, a decision is made as to whether a further investigation will be initiated.

If an investigation is launched, the facts of the case are comprehensively clarified and documented, involving relevant specialist departments where necessary. The aim is to identify any misconduct transparently and, in consultation with line management and, if necessary, the Human Resources department and Corp. Internal Audit, to define and implement appropriate measures.

(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 & Compliance (G&C), 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.

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):
PALFINGER has established procedures for investigating potential violations of legal requirements, the Code of Conduct and other Group guidelines. All reported suspected cases are continuously reviewed and evaluated. Where suspicious cases were substantiated, they were investigated by G&C 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 was being developed, which is being rolled out as part of a pilot project. 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 of corruption and bribery within the PALFINGER organization 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 & 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)

Material impacts, risks 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
- Business relationships subject to strict social and environmental criteria for suppliers
- Risks arising from compliance violations

Monitoring process

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.

(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. The Code of Conduct for Business Partners applies to all business partners worldwide. Contracts with business partners 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 G&C, 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. So haben insbesondere bestehende und potenzielle Geschäftspartner jederzeit die Möglichkeit sich über die geltenden Standards und Erwartungen zu informieren.

(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.

The process following receipt of a report to the Integrity Line is described in the Code of Conduct for Employees under data point G1-11.10a.

(G1-1.10c):
PALFINGER guarantees the protection of whistleblowers in accordance with Directive (EU) 2019/1937. An internal reporting channel has been set up to ensure secure and confidential communication. The Integrity Line can be used at any time to report possible violations of laws or internal guidelines, even anonymously. Information about the Integrity Line can be found transparently on the company website and in the Code of Conduct for Business Partners. PALFINGER is committed to protecting whistleblowers from any retaliation or reprisals.

(G1-1.10e):
PALFINGER ensures that business partners and their employees can also report potential violations of laws or the Code of Conduct for Business Partners. The Integrity Line is available as an internal reporting channel for this purpose. Information on how to use this channel is publicly available. To ensure visibility and usage, information on how to use this channel is publicly available on the company website and is also mentioned in the code of conduct for business partners. These measures ensure that the reporting channel is well known and can be actively used.

The confidentiality of whistleblowers is maintained, and the same protective measures apply as for internal employees. Persons who receive reports are trained accordingly to ensure proper processing. PALFINGER expressly protects whistleblowers from any form of retaliation – in accordance with the provisions of EU Directive 2019/1937.

Reported potential violations of the law and the Code of Conduct for Business Partners were evaluated. If suspicions were confirmed, they were investigated by G&C and Corp. Internal Audit, and appropriate improvement measures were determined 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):

Key content & 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, risks and opportunities

- Positive impacts of fair business relationships on innovation, efficiency, and sustainability
- Business relationships subject to strict social and environmental criteria for suppliers

Monitoring process

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. If suppliers do not meet the specified requirements, targeted measures to improve performance are initiated. Suppliers with consistently poor performance are either excluded from the supplier portfolio or disadvantaged in future quotations. Supplier evaluation is carried out via Supplier Audit Management, as already described as a measure under S2-4.

4.1.1.3 G1-3 – Prevention and detection of corruption and bribery

(MDR-a):

Key content & general objectives

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 to Anti-corruption 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 transpartent management of conflicts of interest.

General objectives:

- PALFINGER has defined a catalog of multi-stage actions to prevent corruption or, if need be, investigate any violations with the aim of ensuring integrity in business conduct.

Material impacts, risks and opportunities

PALFINGER exports to a large number of countries worldwide, including transactions with numerous public sector entities. This risk of corruption was identified 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:

- Compliance management for early detection of rule violations, such as concepts, training and controls
- Established and encouraging reporting processes for the detection and efficient handling of corruption and bribery incidents
- Risks arising from compliance violations

Monitoring process

- 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 worldwide of the PALFINGER Group are required to comply with the group policy for the prevention and detection of corruption and bribery. Exceptions to the scope are not foreseen.

(MDR-c):

The Executive Board has signed the Code of Conduct and is as the top management level of PALFINGER Group responsible for its implementation. The operational implementation, including the preparation, processes, development and rollout of training measures related to the Code of Conduct and the Group Anti-Corruption Policy, is the responsibility of the Governance & Compliance (G&C) department.

(MDR-d):

The basis for the internal rules designed to prevent corruption is the applicable law. Additionally, PALFINGER supports the UN Global Compact and its principles on human rights, labor standards, environmental protection, and anti-corruption.

(MDR-e):

PALFINGER has established a grievance mechanism that is available to employees as well as suppliers, dealers, end customers, investors, lenders, and all other internal and external stakeholders. Complaints can be submitted regarding any perceived misconduct, including violations of legal requirements, the Code of Conduct, or internal policies. The possibility to report such concerns is explicitly mentioned in the Code of Conduct.

The processing of a report is initially carried out centrally by Governance & Compliance (G&C) in cooperation with Corporate Internal Audit. Depending on the nature of the specific allegations, further case handling is conducted by G&C, Corporate Internal Audit, or with the involvement of other departments such as Human Resources and Corporate Counsels.

(MDR-f):
PALFINGER ensures that the policy for preventing and detecting corruption and bribery is accessible and comprehensible to all potentially affected stakeholders on the company website. The whistleblowing system serves as the central instrument available to all individuals both inside and outside the company, thereby covering all possible internal and external stakeholder groups. The system can be accessed via the PALFINGER website as well as through the company's internal intranet and enables the confidential and secure reporting of suspected cases.

(G1-3.18a):
PALFINGER has defined a catalog with preventive and reactive elements 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 were developed and implemented. These mandatory training sessions raise employees' awareness of, among other topics, the Code of Conduct and the Group Anti-Corruption Policy
3. Communication campaigns are conducted within the company to enhance employee awareness and strengthen a culture of integrity.
4. Potential violations of laws and internal policies can be reported using the Integrity Line. The system is accessible to all stakeholders worldwide.
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 G&C and 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):
To ensure the objective and independent handling of corruption and bribery allegations, PALFINGER has established clear structural actions. 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 as they act independently in this role and bear no operational responsibility within the management chain.

(G1-3.18c):
A report on anti-corruption measures is submitted to the Executive Board annually. The Supervisory Board also receives an annual report, allowing it to exercise its control function.

(G1-3.20):
PALFINGER ensures that the policy for preventing and detecting corruption and bribery is accessible and understandable to all relevant stakeholders. Contracts with business partners include binding references to the PALFINGER Code of Conduct. The Code of Conduct is published on the PALFINGER corporate website. In addition to the Code of Conduct, the policy is communicated to employees through a group-wide policy and mandatory training to ensure that its contents are known.

(G1-3.21a):
In 2025, PALFINGER introduced and deployed a mandatory group-wide anti-corruption training program. The program is based on an e-learning module that communicates the key principles of the Group Anti-Corruption Policy. It covers behaviors that may be deemed corrupt, outlines the legal implications of non-compliance, and explains the practical processes for corruption prevention. The aim is to enhance awareness of corruption-related risks.

(G1-3.21b):
The mandatory anti-corruption training program introduced in 2025 applies to all employees worldwide, including those in positions exposed to higher corruption risks. The risk group includes Sales & Service, Procurement, and the Managing Directors. In the 2025 reporting year, 69.2 percent of employees completed the mandatory e- learning course.

(G1-3.21c):
Governance & Compliance (G&C) regularly informs members of the Executive Board about corruption-related risks, with corresponding reports also submitted to the Supervisory Board. The reporting process covers current key topics and includes addressing questions raised by the Executive and Supervisory Boards. The Executive Board received training on anti-corruption and corruption prevention. No training was conducted for the Supervisory Board in 2025, and none is planned at this time.

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	2024	2025
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	2025
Average number of days until payment of an invoice from the start of the contractual or statutory payment period	54.4	56.6
Number of court proceedings currently pending against PALFINGER for late payment	-	-

The previous year's figure for the average number of days to payment was retrospectively corrected from 56 to 54.4, as the CIS region was subsequently included in the calculation. The increase in the figure for the reporting year is due to longer average payment terms in the EMEA region.

Bergheim, March 2, 2026

The Executive Board of PALFINGER AG

Ing. Andreas Klauser e.h.	**Dr. Felix Strohbichler e.h.**	**Dr. Alexander Susanek e.h.**	**Mag. Maria Koller e.h.**
CEO	CFO	COO	CHRO

02

CONSOLIDATED CORPORATE GOVER NANCE REPORT

PALFINGER AG ANNUAL REPORT 2025

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 56.2 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).

In accordance with Rule. 48 ÖCGK, two agreements involving supervisory board members or companies in which a supervisory board member has a significant economic interest were submitted to the supervisory board for approval in 2025. By circular resolution dated December 18, 2025, the supervisory board approved of an amendment to the existing lease agreement with HP Immobilien GmbH concerning the operational property in Kasern, as well as an additional lease agreement for parking spaces. 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.

The final obligartion assumed by PALFINGER AG under these agreements is estimated at approximately EUR 5,045 thousand over their specified term of 48 months, consisting of rental payments as well as costs for maintenance and other tenant obligations.

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[10]

The Executive Board consists of four members.

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.

[10] This section meets 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).

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, Corporate Strategy, Innovation & Sustainability, , Marketing & Communication, as well as Investor Relations .

Andreas Klauser is also chairman of the supervisory board of Trivest AG and deputy chairman of the Trautenberger Private Foundation.

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. Since October 2017 in his capacity as CFO of PALFINGER AG, he has been responsible for the areas of Controlling, Accounting, Tax, Treasury, Risk Management, Internal Audit, Sales & Operations Planning, Process and Data Management, and Information and Communications Technology, Legal, the segment Tail Lift as well as Global Business Services.

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), Digital Solutions as well as 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, Corporate Security and Real Estate Management as well as Covernance and Compliance.

The functions of Group Data Protection Officer and Issuer Compliance Officer report to the full Board of Management.

Remuneration of the Executive Board and Supervisory Board, page 257

SUPERVISORY BOARD[11]

In 2025, 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 2025, four regular Supervisory Board meetings, as well as one constitutive and an extraordinary virtual meeting regarding the 2026 budget assumptions were held. The main topics of the regular Supervisory Board meetings in 2025 were: the 2024 annual financial statements, important location and investment and product development projects, ongoing business development, and the impact of challenging economic conditions related to the 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, page 282

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 2030	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	4/3/2025	female; born in 1967; ESP/GER
Sita Mazumder	4/7/2021	AGM 2026	female; born in 1970; CH
Marianne Heiß	3/4/2025	AGM 2030	female; born in 1972; AT
Johannes Kücher[1)]	2/6/2015	[1)]	male; born in 1963; AT
Carina 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, Industrieholding GmbH and AKULA GmbH. Furthermore, Hubert Palfinger serves as Vice President of SV Austria Salzburg.

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.

[11] This section meets 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, Clear Beteiligungs GmbH, HP Immobilien GmbH, Industrieholding GmbH, as well as Acoustic Design Salzburg 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[12]

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, as well as the BTV Vier Länder Bank 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-Process-Committee. She is also a member of the Supervisory Board of the Rhomberg Group (Bregenz), member of the Supervisory Board and Audit Committee of the Gebrüder Weiss GmbH (Lauterach, since June 2025) and a member of the Swiss Federal Electricity Commission ElCom (Bern, until and including May 2025), where she chaired 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.

Marianne Heiß

In addition to her role as a member of the Supervisory Board of PALFINGER AG, Marianne Heiß serves on the Supervisory Boards of Volkswagen AG, and Porsche SE. For Volkswagen AG she is also active in the Audit Committee. On the Supervisory Board of Porsche SE she acts as en ESG expert. From July 2013 to October 2024, Marianne Heiß was a member of the Supervisory Board of Flix SE and Chairwoman of the Audit Committee. Since September 2024, she has been a member of the Supervisory Board and Audit Committee of Paysafe (NYSE: PSFE). In January 2025, Marianne Heiß joined the Advisory Board of Alfred Ritter GmbH & Co KG (RitterSport).

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.

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Remuneration of the Executive Board and Supervisory Board, page 179

[12] This section meets 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).

SUPERVISORY BOARD COMMITTEES

In accordance with the Supervisory Board's rules of procedure, the Supervisory Board may establish committees from among its members to address specific tasks by resolution.

AUDIT COMMITTEE

The tasks and decision-making powers of the Audit Committee of PALFINGER AG comply with the provisions of the AktG. In 2025, 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 2025: Hannes Bogner (Chairman, financial expert), Hubert Palfinger, Gerhard Rauch, Hannes Palfinger, Marianne Heiß (from April 3, 2025) as well as Johannes Kücher.

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 twice in 2025 and focused on issues related to the appointment and succession of Supervisory Board members.

The following were members of the Nomination Committee in 2025: Hubert Palfinger (Chairman), Gerhard Rauch, Hannes Palfinger, Hannes Bogner and Isabel Diaz Rohr (until April 3, 2025).

REMUNERATION COMMITTEE

The Remuneration Committee met once in 2025. It dealt with the remuneration of the Executive Board members and conducted feedback discussions with them. Additionally, the Remuneration Committee was involved in preparing the remuneration report for the 2025 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, page 179

PROJECT COMMITTEE AND DIGITAL COMMITTEE

The Project Committee and the Digital Committee were dissolved in April 2025. No meetings were held in 2025.

AUDITOR

PwC Wirtschaftsprüfung GmbH, Vienna, was proposed by the Supervisory Board as the auditor of the 2025 financial statements and consolidated financial statements of PALFINGER AG and elected by the Annual General Meeting on April 3, 2025.

Auditor's reports, page 273

DIVERSITY PLAN[13]

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 2025, three women served on the Supervisory Board, representing 33 percent of its members. In the Global Management Team, six top management positions were held by women. In 2025, the proportion of women in the group was 15.4 percent (2024: 14.9 percent), compared to 9.1 percent (2024: 7.1 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.

[13] This section meets 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 21d, ESRS S1-1.24a & b, ESRS S1-5 Target 2 MDR-a).

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 and on April 3, 2025.

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 2025 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 2025.

The reports on the external evaluation in accordance with Rule 62 ÖCGK are also available on the company website (www.palfinger.ag).

Bergheim, March 2, 2026

Executive Board of PALFINGER AG

Ing. Andreas Klauser e.h.	**Dr. Felix Strohbichler e.h.**	**Dr. Alexander Susanek e.h.**	**Mag. Maria Koller e.h.**
CEO	CFO	COO	CHRO

Consolidated financial statement, information on transactions with related parties, page 256
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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.

03

CONSOLIDATED FINANCIAL STATEMENT AS AT DECEMBER 31, 2024

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	Jan-Dec 2024	Jan-Dec 2025
Revenue	7, 16, 70	2,359,843	2,339,288
Cost of sales	18, 24, 25, 26	(1,759,658)	(1,725,439)
Gross profit		**600,185**	**613,849**
Other operating income	17	41,371	35,822
Research and development costs	19, 25, 26	(66,931)	(68,761)
Distribution costs	20, 25, 26	(177,864)	(188,311)
Administrative costs	21, 25, 26	(189,094)	(201,608)
Other operating expenses	22	(40,046)	(32,226)
Income from companies reported at equity	23	18,007	15,563
Earnings before interest and taxes - EBIT		**185,628**	**174,328**
Interest income	27	2,817	3,964
Interest expenses from financial liabilities	27	(41,987)	(33,321)
Other interest expenses	27	(1,643)	(1,362)
Exchange rate differences	27	(2,924)	(5,257)
Other financial result	27	76	6
Financial result		**(43,661)**	**(35,970)**
Earnings before income tax		**141,967**	**138,358**
Income tax	28, 69	(31,217)	(32,662)
Result after income tax		**110,750**	**105,696**
attributable to shareholders of PALFINGER AG (consolidated net profit or loss for the period)		**100,018**	**96,683**
attributable to non–controlling interests		**10,732**	**9,013**
EUR			
Earnings per share (undiluted and diluted)	46	2.88	2.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	Jan-Dec 2024	Jan-Dec 2025
Result after income tax		**110,750**	**105,696**
Amounts that will not be reclassified to the income statement in future periods			
Remeasurement according to IAS 19	52	(879)	1,193
Deferred taxes thereon		179	(281)
		(700)	**912**
Amounts that may be reclassified to the income statement in future periods			
Unrealized gains (+) / losses (-) from foreign currency translation of foreign subsidiaries		(18,234)	(1,100)
Unrealized gains (+) / losses (–) from foreign currency translation of entities reported at equity	33	(2,897)	4,036
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)		3,326	(6,432)
Deferred taxes thereon		(719)	2,027
Effective taxes thereon		82	(583)
Gains (+) / losses (–) on cash flow hedges	48		
Changes in unrealized gain (+) / losses (–)		(1,593)	2,739
Deferred taxes thereon		(216)	(92)
Effective taxes thereon		535	(461)
Realized gains (–) / losses (+)		(3,448)	(630)
Deferred taxes thereon		784	16
Effective taxes thereon		33	102
		(21,946)	**(378)**
Other comprehensive income after income tax		**(22,646)**	**534**
Total comprehensive income		**88,104**	**106,230**
attributable to shareholders of PALFINGER AG		**79,815**	**94,962**
attributable to non-controlling interests		**8,289**	**11,268**

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	12/31/2024	12/31/2025
Non-current assets			
Intangible assets	1, 2, 3, 29, 61	253,417	260,453
Property, plant and equipment	2, 30, 32, 62	649,108	661,106
Investment property	31	1,592	2,584
Interest in entities reported at equity	5, 23, 33	71,303	82,908
Other non-current assets	36	4,126	2,844
Deferred tax assets	9, 34, 69	33,048	30,831
Non-current financial assets	35, 57, 66	4,897	11,314
		1,017,491	**1,052,040**
Current assets			
Inventories	8, 37, 64	621,971	553,158
Trade receivables	6, 38, 57, 66	251,089	273,508
Contract assets from customer contracts	38, 65	22,685	21,135
Other current receivables and assets	40	76,004	78,696
Income tax receivables	28, 69	6,579	5,255
Current financial assets	13, 39, 57, 66	1,124	1,376
Cash and cash equivalents	41, 57, 66	131,803	157,468
		1,111,255	**1,090,596**
Assets held for sale	29, 30, 38	5,779	-
		1,117,034	**1,090,596**
Assets		**2,134,525**	**2,142,636**
Equity			
Share capital	42	34,767	37,593
Share premium	43	86,844	87,410
Treasury stock	44	(96,667)	-
Retained earnings	46, 47, 48	781,999	848,792
Currency translation reserve	45	(108,184)	(112,482)
Total equity attributable to shareholders of PALFINGER AG		**698,759**	**861,313**
Non-controlling interests	49	54,308	57,865
		753,067	**919,178**
Non-current liabilities			
Non-current financial liabilities	4, 32, 50, 57, 66	692,033	514,487
Non-current purchase price liabilities from acquisitions	12, 51, 57, 66	24	-
Non-current provisions	10, 52, 67, 68	44,146	41,428
Deferred tax liabilities	34, 69	11,762	12,347
Non-current contract liabilities from customer contracts	56	4,641	5,251
Other non-current liabilities	53	342	231
		752,948	**573,744**
Current liabilities			
Current financial liabilities	4, 50, 57,66	108,037	115,479
Current purchase price liabilities from acquisitions	12, 51, 57, 66	1,161	60
Current provisions	11, 54, 68	46,044	43,452
Income tax liabilities	28, 69	14,212	14,649
Trade payables and other current liabilities	14, 55, 57, 66	387,894	403,778
Current contract liabilities from customer contracts	56	69,130	72,296
		626,478	**649,714**
Liabilities held for sale	52, 56	2,032	-
		628,510	**649,714**
Equity and liabilities		**2,134,525**	**2,142,636**

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 1/1/2024		**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		-	-	-
		-	**-**	**-**
As at 12/31/2024		**34,767**	**86,844**	**(96,667)**
As at 1/1/ 2025		**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 - Berechnung	52	-	-	-
Gains (+)/losses (–) from cash flow hedge	48	-	-	-
		-	**-**	**-**
		-	**-**	**-**
Transactions with shareholders				
Dividends	47	-	-	-
Disposal of non-controlling interests		-	-	-
Disposal of treasury stock	42, 44	2,827	565	96,667
Other changes		-	-	-
		2,827	**565**	**96,667**
As at 12/31/2025		**37,593**	**87,410**	**-**

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	
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)	-
(36,501)	**-**	**-**	**-**	**(36,501)**	**(14,053)**	**(50,554)**
792,661	**(8,347)**	**(2,315)**	**(108,184)**	**698,759**	**54,308**	**753,067**
792,661	**(8,347)**	**(2,315)**	**(108,184)**	**698,759**	**54,308**	**753,067**
96,683	-	-	-	96,683	9,013	105,696
-	-	-	(4,298)	(4,298)	2,246	(2,052)
380	523	-	-	903	9	912
-	-	1,674	-	1,674	-	1,674
380	**523**	**1,674**	**(4,298)**	**(1,721)**	**2,255**	**534**
97,063	**523**	**1,674**	**(4,298)**	**94,962**	**11,268**	**106,230**
(31,290)	-	-	-	(31,290)	(7,669)	(38,959)
(123)	-	-	-	(123)	(42)	(165)
(1,053)	-	-	-	99,006	-	99,006
(1)	-	-	-	(1)	-	(1)
(32,467)	**-**	**-**	**-**	**67,592**	**(7,711)**	**59,881**
857,257	**(7,824)**	**(641)**	**(112,482)**	**861,313**	**57,865**	**919,178**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand		Jan-Dec 2024	Jan-Dec 2025
Cash flows from operating activities			
Result before income tax		141,967	138,358
Depreciation, amortization and impairment losses (+)/ reversal of impairment losses (–) on non-current assets		91,402	94,767
Gains (–)/losses (+) on the disposal of non-current assets	17, 22	(1,818)	(161)
Interest income (–)/interest expenses (+)	27	40,813	30,719
Income from companies reported at equity	23, 33	(18,008)	(15,563)
Non-cash change in purchase price liabilities	51, 66	(641)	(24)
Other adjustments for non-cash items		7,859	23,294
Increase (–)/decrease (+) in assets		53,041	7,337
Increase (+)/decrease (–) in provisions		889	(3,691)
Increase (+)/decrease(–) in liabilities		(9,131)	27,281
Net cash flow from operating activities		**306,373**	**302,317**
Interest received		2,817	3,964
Interest paid		(37,677)	(32,064)
Dividends received from companies reported at equity	33	4,201	9,304
Income taxes paid		(47,711)	(27,995)
		228,003	**255,526**
Cash flows from investing activities			
Proceeds from sales of intangible assets and property, plant and equipment		9,338	4,629
Purchase for the acquisition of intangible assets and property, plant and equipment		(151,784)	(107,775)
Advance payments from the sale of subsidiaries		93	-
Payments from the sale of subsidiaries[1]		-	810
Cash payments for the acquisition of subsidiaries in prior years	51, 66	(60)	(60)
Cash receipts from capital reductions of entities reported at equity	33	-	3,036
Cash payments for the acquisition of entities reported at equity	33	-	(1,556)
Cash payments for the aquisition of investments and other financial assets		(261)	(634)
Cash receipts from the sale of securities		830	739
Cash receipts for other assets		607	1,285
		(141,237)	**(99,526)**
Cash flows from financing activities			
Proceeds from the sale of treasury shares		-	98,691
Dividends to shareholders of PALFINGER AG	47	(36,505)	(31,290)
Dividends to non-controlling shareholders	49	(12,720)	(8,663)
Cash payments for the acquisition of non-controlling interests	51	-	(1,100)
Repayment of financing for the acquisition of investments	57	-	(15,000)
Raising of long-term financing	57	160,000	50,000
Repayment of maturing/terminated loans	57	(1,733)	(116,733)
Repayment of maturing/terminated promissory note loans	57	(118,000)	(96,000)
Repayment of current financing	57	(12,330)	(15,000)
Repayment of lease liabilities	57	(16,365)	(17,742)
Raising of short-term financing	57	10,000	20,516
		(27,653)	**(132,321)**
Total cash flows		**59,113**	**23,679**
Free cash flow[2]		**119,520**	**181,454**

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	2024	2025
Funds as at 1/1	41	76,538	131,803
Effects of changes in exchange rates		(3,848)	1,986
Total cash flows		59,113	23,679
Funds as at 12/31	**41**	**131,803**	**157,468**

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, 2025 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, 2025 were audited by PwC Wirtschaftsprüfung GmbH, Wien, Austria. On March 2, 2026, the Executive Board of PALFINGER AG approved the consolidated financial statements as at December 31, 2025 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, 2025.

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.

ACQUISITIONS

On January 24, 2025, the new STRUCINSPECT GmbH (formerly MEGE erste PGG GmbH), Austria, was established. PALFINGER holds a 27.39% interest in the company. PALFINGER exercises significant influence over the entity, and the investment is accounted for using the equity method. The assets and ongoing operations of the former STRUCINSPECT GmbH were transferred to the newly established company as of January 31, 2025.

On December 4, 2025, a purchase agreement for the acquisition of a 40 % interest in Storm Cranes AS, Norway, was signed by Palfinger Marine Norway Holding AS, Norway. The company, headquartered in Norway, assembles and services marine cranes for fishing and aquaculture vessels. Closing took place on December 04, 2025. PALFINGER exercises significant influence over the company, and the investment is accounted for using the equity method.

LIQUIDATIONS

Palfinger Marine DK AS, Danmark, was liquidated effective from September 16, 2025. The deconsolidation result amounts to EUR 30 thousand and has been recognized within operating profit.

DISPOSALS

On May 23, 2025, the closing of 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 sale price amounted to EUR 900 thousand, and a disposal loss of EUR 900 thousand has been recognized in operating profit.

As of December 31, 2024, the entities had already been presented as a disposal group held for sale in accordance with IFRS 5 and were assigned to the 'Sales & Service' segment.

EUR thousand	2025
Total assets	
Non-current assets	116
Current assets	6,674
Total liabilities	
Non-current liabilities	324
Current liabilities	2,517
Net assets	**(3,949)**
Selling price	900
Recycling of previously recognized currency translation reserve in OCI	2,149
Loss of deconsolidation	**(900)**

NON-CONTROLLING INTERESTS

In December 2024, an Investment and Shareholder Agreement was concluded with Franchetti S.p.A. According to this agreement, the business of STRUCINSPECT GmbH was transferred to MEGE erste PGG GmbH by means of an asset deal. As part of this transaction, the previous shareholders of STRUCINSPECT GmbH were able to transfer their shares to Palfinger AG. With the commercial register entry dated January 29, 2025, Palfinger AG became the sole shareholder of STRUCINSPECT GmbH. As of February 18, 2025, the company was renamed to Palfinger Projekt 1 GmbH.

THE FOLLOWING RESTRUCTURINGS HAD NO EFFECT ON THE SCOPE OF CONSOLIDATION:

On March 18, 2025, an agreement was signed for the sale of all assets and liabilities of PALFINGER Tail Lifts Limited, United Kingdom, to PALFINGER Marine UK Limited, United Kingdom, in the form of an asset deal. The transferred assets and liabilities primarily comprised inventories and receivables.

On April 28, 2025, an agreement was signed for the merger of Elesa centro de montaje y servicios S.A., Spain, into Palfinger Iberica Maquinaria, S.L.U., Spain. The merger was executed with retroactive effect as of January 1, 2025.

On October 31, 2025, a contract was signed for the partial sale of assets and liabilities of Equipment Technology LLC, USA, to Palfinger North America LLC, USA (asset deal). The transferred assets and liabilities are allocated to the “Operations” segment. Subsequently, on November 1, 2025, Equipment Technology LLC, USA, was legally merged with Palfinger USA Operations LLC, USA.

Consolidated financial statements, List of shareholdings, page 266

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	**12/31/2024**	**12/31/2025**	**Jan-Dec 2024**	**Jan-Dec 2025**
BRL	6.4253	6.4364	5.8500	6.2973
CAD	1.4948	1.6088	1.4820	1.5744
NOK	11.7950	11.8430	11.6181	11.7198
CNY	7.5257	8.2355	7.7275	8.0485
RUB	117.7854	92.8931	101.4406	95.2062
SEK	11.4590	10.8215	11.4226	11.0728
USD	1.0389	1.1750	1.0826	1.1243

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 reportable segments Sales & Service and 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.

Group management report, Performance by segment, page 42

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 industry 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 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 page 38

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 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**
Cost of sales	(1,674,145)	(1,271,497)	(78,046)	1,264,029	(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**
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
Additions to long-term assets	37,647	85,961	43,067	-	166,675
Depreciation, amortization and impairment	(23,068)	(45,896)	(22,453)	-	(91,417)
thereof impairment	(1)	(128)	(2,085)	-	(2,214)

Jan–Dec 2025

EUR thousand	SALES & SERVICE	OPERATIONS	Other Segments	Consolidation	Total
External revenue	2,120,404	133,617	85,268	-	2,339,288
Intra-group revenue	-	1,309,849	11	(1,309,860)	-
Total revenue	**2,120,404**	**1,443,465**	**85,279**	**(1,309,860)**	**2,339,288**
Cost of sales	(1,672,393)	(1,302,632)	(60,274)	1,309,860	(1,725,439)
Research and development costs	(2,543)	(66,219)	-	-	(68,761)
Distribution costs	(188,311)	-	-	-	(188,311)
Administrative costs	(67,359)	(61,296)	(72,953)	-	(201,608)
Other operating income and expenses	(3,519)	3,843	3,272	-	3,596
Income from companies reported at equity	15,388	175	-	-	15,563
EBIT	**201,667**	**17,337**	**(44,676)**	**-**	**174,328**
Segment assets	1,136,441	986,500	815,547	(795,851)	2,142,636
thereof shares from companies reported at equity	66,979	15,929	-	-	82,908
Segment liabilities	706,583	419,786	858,319	(761,230)	1,223,458
Additions to long-term assets	52,542	57,579	26,668	-	136,789
Depreciation, amortization and impairment	(24,370)	(48,773)	(21,617)	-	(94,760)
thereof impairment	(997)	-	(52)	-	(1,049)

Revenues by product group are broken down as follows:

EUR thousand	Jan–Dec 2024	Jan–Dec 2025
Crane	1,327,379	1,314,900
Hydraulic Systems	535,481	521,946
Service	362,403	368,737
Made-to-order	133,641	133,616
Others	939	89
Revenue	**2,359,843**	**2,339,288**

The Crane product group consists primarily of Loader Crane, Stiff Boom Crane, Timber and Recycling Cranes, and Marine and Wind Cranes products. The Hydraulic Systems product group, includes tail lift, platform, hooklift, truck mounted forklift and railway systems, 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 page 204

INFORMATION ON GEOGRAPHICAL AREAS

Non-current assets are broken down as follows:

EUR thousand	12/31/2024	12/31/2025
Intangible assets		
Denmark	1,674	1,258
Germany	29,383	32,045
France	16,336	16,234
Austria	115,195	125,541
Qatar	-	14,158
Croatia	1,296	1,291
Netherlands	6,719	3,701
Norway	30,269	28,313
Remaining foreign countries	3,796	3,517
Romania	5,452	5,331
Russia	10,436	13,316
Sweden	6,785	6,570
Spain	3,350	2,813
USA	7,235	6,363
United Arab Emirates	15,491	0
	253,417	**260,453**
Property, plant and equipment		
Argentinia	3,312	2,984
Brazil	12,830	15,018
Bulgaria	74,046	73,904
Denmark	3,101	2,837
Germany	75,251	76,492
France	4,952	4,405
Austria	195,827	195,343
Italy	8,296	7,720
Canada	4,461	4,003
Croatia	5,857	5,445
Netherlands	5,527	5,213
Poland	14,310	14,714
Remaining foreign countries	9,572	8,229
Romania	58,126	58,952
Russia	27,925	33,872
Sweden	8,128	7,366
Serbia	26,750	28,261
Slovenia	36,431	44,680
Spain	11,147	13,986
USA	64,852	60,266
	650,699	**663,690**
Other non-current assets		
Argentinia	18	37
Brazil	2,302	1,294
China	511	523
Denmark	62	21
Germany	29	30
France	74	74
India	63	53
Austria	178	169
Remaining foreign countries	50	54
Russia	178	153
Singapore	271	177
Spain	316	256
USA	75	2
	4,126	**2,844**

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 2025. 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 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (published in August 2023)	January 1, 2025	November 12, 2024

The following new accounting standards and interpretations have been published but are not mandatory for the reporting period ending December 31, 2025 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 is assessed on an ongoing basis.

The following standards and interpretations are therefore not relevant for these consolidated financial statements:

Standards/Interpretations	Mandatory application
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (published in May 2024)	January 1, 2026
Amendments to IFRS 9 and IFRS 7 - Contracts referencing nature-dependent electricity (published in December 2024)	January 1, 2026
Annual Improvements Volume 11 (published in July 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 IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (published in November 2025)	January 1, 2027
Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures (published in August 2025)	January 1, 2027

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces comprehensive structural changes that will affect the presentation of financial statements. The new requirements establish a revised structure for the primary financial statements, with the aim of enhancing comparability and decision usefulness of financial information. IFRS 18 must be applied retrospectively for annual reporting periods beginning on or after January 1, 2027.

Under IFRS 18, all income and expenses in the statement of profit or loss will be classified into five new categories, namely operating, investing, financing, income tax and discontinued operations. In this context, three new mandatory subtotals – operating profit, profit before financing and income taxes, and profit for the period – will have to be presented.

The operating category comprises all income and expenses arising from the entity's main business activities as well as those that are not attributable to another category.

Income and expenses from equity accounted investments, investment properties, cash and cash equivalents and other investments, if they generate a return individually and largely independently of the entity's other resources, will be presented within the investing category.

Interest expenses, remeasurement and disposal gains or losses, transaction costs and foreign exchange gains or losses arising from financing liabilities will continue to be presented within the financing category. The financing category will also include interest income and expenses related to other liabilities that do not meet the definition of a financial liability. Accordingly, interest income and expenses are to be included in this category unless their separate recognition is required by another IFRS standard.

The issuance of IFRS 18 also entails amendments to IAS 7 Statement of Cash Flows. The previous option for the presentation of interest and dividends received or paid has been removed. In the future, interest and dividend payments will be classified within cash flows from financing activities, while interest and dividend receipts will be presented within cash flows from investing activities. These reclassifications between cash flow categories do not affect free cash flow. As part of the implementation of IFRS 18, the starting point for determining operating cash flows will also be redefined. Instead of profit before income taxes, operating profit will serve as the new starting point, thereby reducing the number of adjustments for non cash items.

In addition, IFRS 18 requires entities to disclose so-called Management Performance Measures (MPMs). These are performance metrics defined by management to assess the entity's financial performance that go beyond the subtotals prescribed by IFRS 18. The objective of this new requirement is to enhance the transparency and comparability of performance measures used by entities. For any MPMs disclosed, a reconciliation to the subtotals presented in the financial statements must be provided. The definition, calculation methodology and the rationale for using each measure must also be explained. The Group is currently assessing which of the internally used key performance indicators meet the criteria of an MPM as defined under IFRS 18 and will incorporate the respective disclosures upon first-time application of IFRS 18.

IFRS 18 is mandatory for annual periods beginning on or after January 1, 2027 and shall be applied retrospectively. Early application is permitted but not planned by PALFINGER. The IFRS Interpretations Committee (IFRIC) is currently discussing application issues related to IFRS 18, and further clarifications or amendments may be issued prior to its effective date.

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.

The key forward-looking assumptions and other principal sources of estimation uncertainties as of the reporting date – which give rise to a significant risk of material adjustments to the carrying amounts of assets and liabilities within the next financial year – are disclosed below.

(1) PURCHASE PRICE ALLOCATIONS

As part of purchase price allocations in the context of business combinations, assumptions are made concerning the existence and measurement of assets acquired (particularly intangible assets), liabilities and contingent liabilities.. 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, which was performed using the discounted cash flow method. 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. Usually, this is the case when 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, independent of the overall unit's earnings expectations. 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 lease term based on the non-cancelable base term of the lease as well as by including periods arising from an option to extend the lease if it is reasonably certain that the Group will exercise such an option, or the periods arising from an option to terminate the lease if it is reasonably certain that PALFINGER will not exercise such an option. PALFINGER has entered into multiple leases that include options to extend and terminate the lease. When assessing whether it is reasonably certain that the extension or termination option of the lease will be exercised or not exercised, judgements are made. This means PALFINGER considers all relevant factors representing an economic incentive to exercise the option to extend or to terminate the lease. These judgements must be reviewed 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 commencement date, the Group reassesses the term if a significant event or a change in circumstances has occurred that lies within its control and affects whether PALFINGER will exercise the option to extend or terminate the lease (e.g. implementation of significant tenant's improvements or a material adjustment of the underlying asset). For building leases, the renewal options are generally fully recognized because an early change of property is not economically viable. Furthermore, options to extend vehicle leases are not included in the term of the lease, since the Group leases vehicles usually not for a period more than five years and consequently does not exercise options to extend such leases. Additionally, periods associated with an option to terminate a lease are only included in the term of the lease if it is reasonably certain that the option will not be exercised. If the exchange of a right-of-use involves high costs or expense, it is generally considered reasonably certain 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 included in the lease term.

Lease payments are discounted using the implicit interest rate underlying the lease , providing it can be readily determined. Otherwise – and this is generally the case within the Group – the lessee's incremental borrowing rate is used for discounting. This incremental 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 under similar economic conditions.

(5) INTERESTS IN ENTITIES REPORTED AT EQUITY

Assumptions and estimates are made with respect to recoverbility of investments in entities reported at equity. The recoverability of investments 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 protective 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 historical analysis 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 individual impairments. Previous experience with specific customers, their creditworthiness, and any collateral provided are taken into account. 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 recognized based on the percentage of completion method. When applying this method, PALFINGER estimates the percentage of services already completed by the reporting date in proportion to the overall scope of the contract and the contract 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 impairments are recognized due to long-term storage, limited distribution channels, or defects in quality. In addition, a systematic review of finished goods is carried out with regards to a loss-free measurement, which is essentially influenced by expected sales prices, currency developments, the date of sale, and 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 judgement 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 recognizing 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 due that depend on the future performance 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

When accounting for 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 2025.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(16) REVENUE

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**

Jan–Dec 2025

EUR thousand	Sales & Service	Operations	Other segments	PALFINGER Group
EMEA	1,266,816	103,625	37,531	1,407,972
NAM	509,192	12,837	45,831	567,860
LATAM	125,133	7,619	416	133,168
CIS	87,179	4,177	33	91,388
APAC	131,445	5,359	1,458	138,262
Revenue from contracts with customers (IFRS 15)	**2,119,765**	**133,617**	**85,268**	**2,338,649**
Revenue other	639	-	-	639
Revenue total	**2,120,404**	**133,617**	**85,268**	**2,339,288**

The breakdown by geographical area is based on the location of customers' registered offices. Other revenue consists primarily of income from the rental business. In the home country Austria revenues of EUR 91,612 thousand (previous year: EUR 98,621 thousand) were generated.

Expected future revenues for unfulfilled (or partially unfulfilled) rendering of service obligations from existing contracts as at the reporting date amount to:

EUR thousand	2024	2025
Within one year	50,869	51,877
More than one year	42,125	24,520
Expected future revenue	**92,994**	**76,397**

EUR thousand	Jan–Dec 2024	Operations Jan–Dec 2025	Jan–Dec 2024	Sales & Service Jan–Dec 2025	Jan–Dec 2024	Other segments Jan–Dec 2025
Revenue from the sale of products	133,641	133,617	2,049,704	2,049,321	104,887	85,268
Revenue from contract manufacturing and rendering of services	-	-	71,610	71,083	-	-
Revenue	**133,641**	**133,617**	**2,121,314**	**2,120,404**	**104,887**	**85,268**

Revenue from service rendering business originates from service companies in the segment Sales & Service and relate to service work recognized based based on the percentage of completion.

(17) OTHER OPERATING INCOME

EUR thousand	Jan–Dec 2024	Jan–Dec 2025
Income from the disposal of intangible assets and property, plant and equipment	2,152	1,735
Income from charges for services	1,081	1,354
Exchange rate differences	13,529	13,164
Income from reimbursements under insurance policies	381	598
Rental income	525	1,159
Income from the sale of chassis	7,065	1,897
Income from the sale of rental units	6,345	-
Income from business transactions with employees	2,062	3,225
Income from the sale of a distribution right	-	3,750
Income from other grants	896	1,066
Refund other taxes	381	467
Miscellaneous other operating income	6,953	7,407
Other operating income	**41,371**	**35,822**

For information on exchange rate differences, please refer to Note (57) Financial Instruments, item 3 Foreign currency risk.

(18) COST OF SALES

EUR thousand	Jan–Dec 2024	Jan–Dec 2025
Changes in inventories and other work performed by entity and capitalized	11,589	65,274
Cost of materials and purchased services	(1,174,207)	(1,188,948)
Employee expenses	(405,325)	(403,354)
Depreciation, amortization and impairment expenses	(53,582)	(59,050)
Outgoing freight costs	(31,499)	(32,251)
Guarantees and warranties	(25,431)	(26,772)
Repair and maintenance expenses	(18,718)	(18,400)
Rentals and leases	(4,903)	(3,806)
Commission expenses	(3,084)	(3,510)
Contingent workers and other third-party services	(15,352)	(14,424)
Energy costs	(17,134)	(20,056)
Travel expenses	(4,077)	(3,950)
Vehicles	(3,200)	(2,996)
Consultancy services	(3,728)	(2,471)
Office and IT expense	(3,323)	(3,061)
Insurance expense	(2,768)	(2,201)
Taxes other than income tax expenses	(2,444)	(2,875)
Miscellaneous other operating expenses	(2,474)	(2,588)
Cost of sales	**(1,759,658)**	**(1,725,439)**

Revenues decreased at a slightly lower rate than cost of sales. Gross profit margin increased slightly to 26 percent (previous year: 25 percent).

(19) RESEARCH AND DEVELOPMENT COSTS

EUR thousand	Jan-Dec 2024	Jan-Dec 2025
Changes in inventories and other work performed by entity and capitalized	18,451	22,396
Cost of materials and purchased services	(2,789)	(2,110)
Employee expenses	(72,339)	(74,240)
Depreciation, amortization and impairment	(2,007)	(1,926)
Income from research grants	3,960	3,264
Consultancy services	(5,581)	(7,333)
Contingent workers and other third-party services	(2,029)	(3,044)
Travel expenses	(1,704)	(2,179)
Office and IT expenses	(1,152)	(1,274)
Miscellaneous other expenses	(1,741)	(2,314)
Research and development costs	**(66,931)**	**(68,761)**

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 16,940 thousand (previous year: EUR 16,936 thousand) are reported in cost of sales. The total research and development costs therefore amounted to EUR 85,701 thousand (previous year: EUR 83,867 thousand).

(20) DISTRIBUTION COSTS

EUR thousand	Jan–Dec 2024	Jan–Dec 2025
Changes in inventories and other work performed by entity and capitalized	(3)	(34)
Cost of materials and purchased services	(1,472)	(1,873)
Employee expenses	(121,577)	(128,150)
Depreciation, amortization and impairment	(13,024)	(10,669)
Advertising, representation and market expenses	(12,934)	(15,668)
Travel expenses	(7,649)	(8,051)
Contingent workers and other third-party services	(4,879)	(6,652)
Vehicle fleet	(2,976)	(2,928)
Transport costs	(397)	(693)
Consultancy services	(1,099)	(3,792)
Commission expenses	(684)	(695)
Office and IT expenses	(2,476)	(2,655)
Rentals and leases	(797)	(815)
Repair and maintenance	(1,837)	(1,658)
Insurance expenses	(2,262)	(1,755)
Miscellaneous other operating expenses	(3,797)	(2,224)
Distribution costs	**(177,864)**	**(188,311)**

(21) ADMINISTRATIVE COSTS

EUR thousand	Jan–Dec 2024	Jan–Dec 2025
Changes in inventories and own work capitalized	9,831	9,171
Cost of materials and purchased services	(263)	(517)
Personnel expenses	(103,304)	(111,133)
Depreciation, amortization and impairment	(22,804)	(23,115)
Consultancy services	(19,385)	(19,613)
Contingent workers and other third-party services	(14,838)	(12,826)
Office and IT expenses	(5,445)	(6,151)
Travel expenses	(3,367)	(3,522)
Patents and licences	(10,302)	(14,946)
Advertising, representation and market costs	(5,305)	(3,337)
Rentals and leases	(1,437)	(1,722)
Taxes other than on income	(2,072)	(1,283)
Insurance	(5,079)	(5,208)
Bank charges	(1,771)	(1,909)
Repair and maintenance	(2,013)	(2,600)
Miscellaneous other expenses	(1,540)	(2,897)
Administrative costs	**(189,094)**	**(201,608)**

Fees charged by the auditor

The following fees for the services provided in the fiscal year 2025 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 2024	Jan-Dec 2025
Audit of the consolidated financial statements and related certification services (including reviews)	(1,022)	(951)
thereof PwC Wirtschaftsprüfung GmbH	(550)	(502)
Tax advice	(37)	(19)
Other services	-	(96)
Auditors Remuneration	**(1,059)**	**(1,066)**

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 2024	Jan–Dec 2025
Losses on the disposal of intangible assets and property, plant and equipment	(886)	(1,587)
Losses on receivables and impairment allowances	(3,155)	(3,715)
Exchange rate differences	(13,324)	(17,806)
Expenses of claims	(221)	(1,732)
Material expenses from rental units	(6,002)	-
Expenses for legal proceedings	(3,130)	(85)
Contractual and other penalties	(318)	(245)
Expenses sale of chassis	(8,152)	(1,872)
Membership fees and subscriptions	(914)	(763)
Miscellaneous other operating expenses	(3,945)	(4,421)
Other operating expenses	**(40,046)**	**(32,226)**

(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 2024	Jan-Dec 2025
Share in the net result for the period	18,007	15,563
Income from companies reported at equity	**18,007**	**15,563**

(24) COST OF MATERIALS AND PURCHASED SERVICES

EUR thousand	Jan–Dec 2024	Jan–Dec 2025
Cost of materials	(1,084,869)	(1,099,436)
Cost of purchased services	(93,460)	(94,012)
Cost of materials and purchased services	**(1,178,329)**	**(1,193,449)**

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 purchased parts and electrical and hydraulic components.

(25) PERSONNEL EXPENSES

EUR thousand	Jan–Dec 2024	Jan–Dec 2025
Wages and salaries	(544,211)	(557,655)
Expenses for severance payments	(5,450)	(5,339)
Pension expenses	(3,032)	(2,966)
Expenses for statutory social security contributions, payroll-related levies and mandatory contributions	(119,687)	(120,694)
Other social expenses	(30,165)	(30,221)
Employee expenses	**(702,545)**	**(716,876)**

Expenses for severance payments include expenses from defined contribution plans amounting EUR 3,204 thousand (previous year: EUR 3,154 thousand). This includes the cost of services to the company employee pension funds in the amount of EUR 2,852 thousand (previous year: EUR 2,795 thousand).

Pension expenses include expenses from defined contribution plans amounting EUR 2,872 thousand (previous year: EUR 2,810 thousand).

(26) DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY, AMORTIZATION OF INTANGIBLE ASSETS AND AND IMPAIRMENT EXPENSES

EUR thousand	Jan-Dec 2024	Jan-Dec 2025
Depreciation and amortization	(89,203)	(93,711)
Impairment losses	(2,214)	(1,049)
Depreciation of property, plant and equipment, investment property, amortization of intangible assets and impairment expenses	**(91,417)**	**(94,760)**

Regarding the development of depreciation, amortization and impairment, please refer to Notes (29) Intangible assets, (30) Property, plant and equipment and (32) Leases.

The impairment losses recognized in 2025 relate solely to capitalized development costs. The impairment losses recognized in 2024 were mainly related to capitalized development costs.

(27) NET INTEREST INCOME AND OTHER FINANCIAL RESULT

Net interest income and other financial result are as follows:

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)**

Jan–Dec 2025		Financial instruments according to IFRS 9	
EUR thousand	Total	Financial asset at amortized cost	Financial liabilities at amortized cost
Interest income	3,964	3,113	-
Interest expenses from financial liabilities	(33,321)	-	(30,333)
Other interest expenses	(1,362)	-	-
Net interest income	**(30,719)**	**3,113**	**(30,333)**
Income from the disposal of financial assets	51	-	-
Loss from the disposal of financial assets	(17)	(17)	-
Write-ups of financial assets	1	-	-
Impairment of financial assets	(29)	-	-
Exchange rate differences	(5,257)	(7,265)	-
Net profit or loss	**(5,251)**	**(7,281)**	**-**
Financial result	**(35,970)**	**(4,169)**	**(30,333)**

For details on exchange rate differences in the net financial result, see p. 249

Financial instruments according to IFRS 9				
Fair Value through OCI	Fair Value through P&L/ Other Derivatives	Purchase price allocation	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)**

Financial instruments according to IFRS 9				
Fair Value through OCI	Fair Value through P&L/ Other Derivatives	Purchase price allocation	Non-current provisions acc. to IAS 19	Leases pursuant to IFRS 16
-	578	-	-	273
-	-	-	-	(2,988)
-	-	(60)	(1,303)	-
-	**578**	**(60)**	**(1,303)**	**(2,715)**
-	51	-	-	-
-	-	-	-	-
-	1	-	-	-
-	(29)	-	-	-
-	2,008	-	-	-
-	**2,031**	**-**	**-**	**-**
-	**2,609**	**(60)**	**(1,303)**	**(2,715)**

(28) INCOME TAX

The tax rate applicable to the parent company PALFINGER AG is 23 percent in 2025.

EUR thousand	Jan–Dec 2024	Jan–Dec 2025
Effective tax expense (–) / income (+)	(39,873)	(30,062)
thereof from previous years	453	1,394
thereof from the use of previously unused tax loss carry forwards	6,249	995
Deferred income tax expense (–) / income (+)	8,656	(2,600)
thereof from previous years	4,138	(3,337)
thereof due to tax rate changes	(79)	(7)
thereof from the adjustment of tax loss carry-forwards	(49)	-
Income tax	**(31,217)**	**(32,662)**

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 2024	Jan–Dec 2025
Earnings before income tax	141,967	138,358
Tax rate of the Group	23.0%	23.0%
Calculated tax expense	**32,652**	**31,822**
Adjustment to foreign tax rates	**2,838**	**1,898**
Tax reduction due to		
Research and education allowances	(-1,002)	(-900)
Investment grants and other government aid	(-224)	(-217)
Tax rate changes	(-889)	(-93)
Tax-free income from investments reported at equity	(-4,142)	(-3,580)
Reversal of non-taxable provisions	(-1,521)	(-264)
Other tax-reducing factors	(-1,251)	(-1,935)
Recognition and use of loss carry-forwards from previous years	(-6,249)	(-6,809)
Taxes not related to an accounting period	(-7,861)	(-2,157)
Other tax effects (currency translation)	(-489)	(-75)
Reversal of allowances on deferred taxes	(-4,813)	-
Valuation of investments and intra-group valuation of receivables	(-315)	(-1,363)
	(-28,755)	**(-17,391)**
Tax increase due to		
Tax rate changes	516	56
Non-capitalized loss carry-forwards	10,138	4,952
Allowances on loss carry-forwards	49	-
Non-tax-deductible expenses	4,945	4,169
Allocation non-taxable provisions	327	627
Minimum taxes	886	1,130
Taxes not related to an accounting period	3,269	3,237
Non-deductible withholding taxes	3,441	1,638
Different tax rate	660	304
Allowances for deferred taxes	249	220
	24,481	**16,333**
Income tax	**31,217**	**32,662**

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 366 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, Norway, Singapore and Qatar:

EUR thousand	Minimum tax profit 2025 (GloBE-Income[1])	Adjusted recorded taxes 2025	Determined supplementary tax amount (less substance allowance)
Singapore	**4,015**	**447**	**155**
- Palfinger Asia Pacific Pte. Ltd.			
United Arab Emirates (UAE)	**3,221**	**301**	**183**
- Palfinger Marine Europe B.V. - Dubai Branch			
Qatar	**1,584**	**201**	**28**
- Palfinger Marine Doha WLL			
Norway	**9,804**	**1,478**	**-**
- Palfinger Marine Safety AS			
- Palfinger Marine Norway AS			
- Palfinger Marine Norway Holding AS			

1) Global Anti-Base Erosion

In the relevant tax jurisdictions, statutory regulations governing domestic Pillar Two top-up taxes are already in effect for the 2025 fiscal year. These are recognized by the OECD as qualified domestic top-up taxes. Accordingly, the entities located in the jurisdictions of the respective intermediate parent companies fall within the scope of the safe harbour provisions of the national top-up tax. As a result, the payable domestic top-up tax is reduced to zero, as a qualified top-up tax is already levied in another jurisdiction.

The liabilities for the calculated domestic top-up tax amounts are therefore recognized at the level of the respective entities within each relevant jurisdiction.

In Norway, no Pillar Two top-up tax arises, as unused loss carryforwards from prior years are eligible for consideration under the full application regime and are permitted for use in the GloBE/minimum tax calculations.

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 1/1/2024	214,457	26,891
Additions	-	-
Disposals	-	-
Reclassifications	-	-
Reclassifications as held for sale	(67)	
Foreign currency translation	(5,246)	439
As at 12/31/2024	**209,145**	**27,330**
As at1/1/2025	209,145	27,330
Additions	-	-
Disposals	(134)	(5,576)
Reclassification	-	-
Foreign currency translation	162	(1,153)
As at 12/31/2025	**209,173**	**20,600**
Accumulated depreciation, amortization and impairment		
As at 1/1/2024	72,351	22,375
Amortization	-	-
Impairment losses	-	-
Disposals	-	-
Foreign currency translation	(3,389)	438
As at 12/31/2024	**68,961**	**22,812**
As at1/1/2025	68,961	22,812
Amortization	-	-
Impairment losses	-	-
Disposals	(134)	(5,616)
Foreign currency translation	(283)	(1,003)
As at 12/31/2025	**68,543**	**16,193**
Carrying amounts		
As at 12/31/2024	**140,183**	**4,517**
As at 12/31/2025	**140,630**	**4,408**

Development costs	Brands, customer base and order backlog	Other intangible assets	Prepayments	Total
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**
182,033	88,213	41,099	15	547,834
28,601	-	2,464	75	31,140
(16,953)	(4,618)	(3,866)	-	(31,147)
-	-	169	-	169
(180)	(1,628)	(192)	-	(2,992)
193,502	**81,966**	**39,674**	**90**	**545,004**
93,512	76,704	31,294	15	296,251
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**
88,766	80,452	33,410	15	294,415
15,892	3,343	3,115	-	22,349
1,049	-	-	-	1,049
(15,862)	(4,651)	(3,457)	-	(29,721)
(314)	(1,774)	(166)	-	(3,540)
89,530	**77,369**	**32,902**	**15**	**284,552**
93,267	**7,761**	**7,689**	**-**	**253,417**
103,971	**4,597**	**6,772**	**75**	**260,453**

GOODWILL

The goodwill resulting from business combinations relates to the following groups of cash-generating units:

EUR thousand	12/31/2024	12/31/2025
Sales & Service	107,090	107,439
Operations	33,093	33,191
Goodwill	**140,183**	**140,630**

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 2025 were 1.16 percent for Sales & Service (previous year: 1.23 percent) and 1.26 percent for Operations (previous year: 1.25 percent). A mid-term plan was developed in 2025.

Management determined the values attributable to each of the key assumptions as follows:

Assumption:	**Method used to determine value:**
Unit sales volumes	The production volumes are based on the well-established Sales & Operations Planning process within the organization. The sales and production plan is coordinated in monthly cycles based on the available resources. Derived from cycles 8 and 9, the basis for the production volumes used in the budget for the subsequent year is established in September. The budgeting of unit figures by product line and region for subsequent years, as well as development of business models that are not unit-driven (e.g. service), are based on the initiatives and plans defined in the “Reach Higher” Strategy 2030+ strategy process. The planning is in line with management’s expectations and includes risk-oriented modifications based on delivery performance in prior periods, in order to arrive at stable budget figures and multi-year planning values from motivated sales and production planning environment.
Sales price	The growth rates considered per product line / sales region for 2026 are already known at the time of planning, as price increases have a relatively long lead time. Therefore, the price development can be planned accurately for the budget year. Furthermore, assumptions for price increases below the inflation rate are incorporated into the multi-year planning for each region and product line.
Contribution margins	Based on budgeted selling prices for 2026, 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, CIS and NAM regions, 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 2026 to 2030**	**EBIT margin Sales & Service average 2026 to 2030**	**EBIT margin Operations average 2026 to 2030**
Optimistic	10%	7.5%	7.3%	4.9%
Realistic	65%	6.5%	6.9%	4.4%
Pessimistic	25%	4.4%	5.6%	2.5%

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	2024	2025
Operations	11.2	10.6
Sales & Service	11.4	10.4

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 of EUR 63.3 million, while an increase of 1.00 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 77.0 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 of EUR 111.0 million; a reduction of 8.19 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 24.6 million

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Intangible assets with indefinite useful lives result from business combinations and are composed as follows:

EUR thousand	12/31/2024	12/31/2025
Operations		
Nimet brand	4,517	4,408
	4,517	**4,408**
Intangible assets with indefinite useful lives	**4,517**	**4,408**

As management intends to use the brand Nimet resulting from business combinations indefinitely and a useful life cannot therefore be determined, this intangible asset has been assigned an indefinite useful life.

DEVELOPMENT COSTS

In the fiscal year 2025, PALFINGER capitalized internally generated intangible assets in the form of development costs in the amount of EUR 28,601 thousand (previous year: EUR 28,286 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 1,049 thousand (previous year: EUR 2,133 thousand) and mainly relate to the product lines Off shore cranes (EUR 692 thousand) and aerial work platforms (EUR 235 thousand). In the previous year impairment losses were mainly related to software developments (EUR 2,007 thousand) in the other non-reportable 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 1/1/2024	394,218	93,673
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**
As at 1/1/2025	416,287	102,132
Additions	10,760	24,222
Investment promotion	(31)	-
Disposals	(1,133)	(16,152)
Reclassifications	38,301	-
Reclassified as investment property/inventory	-	-
Foreign currency translation	(1,995)	(1,811)
As at 12/31/2025	**462,189**	**108,390**
Accumulated depreciation, amortization and impairment		
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	-	-
Reclassified as held for sale and investment property	(860)	-
Foreign currency translation	(274)	361
As at 12/31/2024	**132,236**	**47,404**
As at 1/1/2025	132,236	47,404
Depreciation	15,248	15,793
Disposals	(974)	(8,059)
Reclassifications	28	-
Reclassified as inventory	-	-
Foreign currency translation	(1,141)	(1,267)
As at 12/31/2025	**145,398**	**53,871**
Carrying amounts		
As at 12/31/2024	**284,051**	**54,727**
As at 12/31/2025	**316,791**	**54,520**

Undeveloped land	Plant and machinery	Other equipment, operating and office equipment	Prepayments and assets under construction	Total
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**
15,863	392,331	178,842	65,767	1,171,221
-	12,474	15,095	40,068	102,619
-	-	-	-	(31)
-	(10,013)	(18,495)	(75)	(45,869)
1,009	13,927	4,282	(57,688)	(169)
-	-	-7,107	(506)	(7,613)
-	(1,077)	(3,574)	133	(8,324)
16,872	**407,641**	**169,042**	**47,699**	**1,211,834**
84	212,682	115,948	1,120	490,841
-	20,781	18,942	-	67,732
-	-	-	-	81
-	(8,634)	(14,353)	-	(31,671)
-	-	(2)	-	(2)
-	(17)	44	(28)	-
-	(1,360)	(1,416)	-	(3,636)
-	(1,783)	645	(181)	(1,231)
84	**221,669**	**119,809**	**912**	**522,114**
84	221,669	119,809	912	522,114
-	22,914	17,168	-	71,124
-	(8,842)	(16,599)	(3)	(34,478)
-	(17)	(12)	-	-
-	-	(2,610)	-	(2,610)
-	(1,148)	(1,866)	(1)	(5,423)
84	**234,577**	**115,891**	**908**	**550,729**
15,779	**170,662**	**59,033**	**64,855**	**649,108**
16,788	**173,065**	**53,151**	**46,791**	**661,106**

Additions mainly relate to the expansion of production capacities in Austria, Slovenia, the USA, Romania and Bulgaria, as well as the acquisition of land in Slovenia.

Land and buildings include land values of developed properties amounting to EUR 69,644 thousand (previous year: EUR 67,047 thousand). Prepayments and assets under construction as at balance sheet date include assets under construction with acquisition and manufacturing costs amounting to EUR 44,062 thousand (previous year: EUR 62,676 thousand).

In the reporting period, as in the previous year no borrowing costs were capitalized on qualifying assets.

In the fiscal year 2025, government grants amounting EUR 31 thousand (previous year: EUR 9 thousand) were recognized in accordance with IAS 20 as a reduction of acquisition or production costs.

As at December 31, 2025, no property, plant and equipment (previous year: none) has been pledged as collateral for debt.

(31) INVESTMENT PROPERTY

EUR thousand	**2024**	**2025**
As at 1/1	-	1,592
Depreciation, amortization and impairment	(110)	(238)
Additions	6	300
Reclassifications from property, plant and equipment	1,649	506
Foreign currency translation	47	424
As at 12/31	**1,592**	**2,584**

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 being leased.

As at 31 December 2025, the fair value of the investment property is EUR 4,034 thousand (previous year: EUR 1,656 thousand).

Rental income from the lease of investment property amounted to EUR 896 thousand (previous year: EUR 282 thousand) and directly attributable operating expenses amounted to EUR 270 thousand (previous year: EUR 10 thousand) .

(32) LEASES

The right-of-use assets accounted for in accordance with IFRS 16 are 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 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**

Rights of use 2025

in TEUR	Land and buildings	Equipment and machinery	Operating and office equipment	Vehicles	Total
As at 1/1/2025	44,816	483	2,141	7,287	54,727
Additions	17,928	500	1,799	3,995	24,222
Depreciation, amortization and impairment	(10,797)	(347)	(915)	(3,734)	(15,793)
Disposals	(7,273)	(2)	(579)	(239)	(8,093)
Foreign currency translation	(546)	(4)	(14)	21	(543)
As at 12/31/2025	**44,128**	**630**	**2,432**	**7,330**	**54,520**

The following changes are recorded for the current and non-current lease liabilities:

Leases

EUR thousand	2024	2025
As at 1/1	56,911	57,508
Exchange rate difference	351	(591)
Additions	15,946	24,222
Disposals	(1,922)	(965)
Interest expenses	2,587	2,902
Payments	(16,365)	(17,742)
As at 12/31	**57,508**	**65,334**
thereof current	15,410	16,228
thereof non-current	42,098	49,106

The consolidated income statement contains the following amounts from leases.

EUR thousand	2024	2025
Depreciation on right-of-use assets	(14,425)	(15,793)
Interest expenses for lease liabilities	(2,587)	(2,902)
Expense for leases for which the underlying asset is of low value, accounted for according to IFRS 16.6	(468)	(415)
Expenses for current leases, accounted for according to IFRS 16.6	(1,500)	(1,522)
Expenses for variable lease payments, not included in the lease liability	(69)	(111)
Income from the subleasing of right-of-use assets	141	178
Recognized in profit or loss	**(18,908)**	**(20,565)**

The total cash outflows for leases in the fiscal year 2025 were EUR 19,790 thousand (previous year: EUR 18,402 thousand).

The right-of-use assets 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

	12/31/2024	12/31/2025
Up to 5 years	5,233	6,823
Up to 10 years	9,276	8,462

As at December 31, 2025, 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	2024	2025
As at 1/1	62,362	71,303
Additions	-	2,060
Increase in capital	225	35
Decrase in capital	-	(3,036)
Share in the net result for the period	18,007	15,563
Dividends	(6,394)	(7,054)
Foreign currency translation	(2,898)	4,037
As at 12/31	**71,303**	**82,908**

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.

The additions relate to the newly founded STRUCINSSPECT GmbH and Storm Cranes AS.

	Palfinger France S.A.S.		Sany Palfinger SPV Equipment Co., Ltd.[1]	
EUR thousand	Jan–Dec 2024	Jan–Dec 2025	Jan–Dec 2024	Jan–Dec 2025
Revenue	248,637	255,516	38,733	43,654
Total comprehensive income				
Profit (loss)	15,511	22,128	(1,035)	368
Other comprehensive income after income tax	-	-	1,696	(3,556)
	15,511	**22,128**	**662**	**(3,188)**

EUR thousand	Palfinger France S.A.S. 12/31/2024	Palfinger France S.A.S. 12/31/2025	Sany Palfinger SPV Equipment Co., Ltd.[1] 12/31/2024	Sany Palfinger SPV Equipment Co., Ltd.[1] 12/31/2025
Non-current assets	15,486	27,429	13,089	12,894
Current assets	153,155	147,929	52,052	44,419
Non-current liabilities	17,497	25,804	(24)	(23)
Current liabilities	83,842	74,657	24,004	25,435
Net assets	**67,302**	**74,897**	**41,161**	**31,901**

EUR thousand	Palfinger France S.A.S. 2024	Palfinger France S.A.S. 2025	Sany Palfinger SPV Equipment Co., Ltd.[1] 2024	Sany Palfinger SPV Equipment Co., Ltd.[1] 2025
Shares/voting rights	49%	49%	50%	50%
Carrying amount as of 1/1	**23,604**	**27,060**	**19,931**	**20,569**
Impairment loss	-	-	-	-
Capital decrease	-	-	-	(3,036)
Share in the net result for the period	7,600	10,843	(210)	174
Foreign currency translation	-	-	848	(1,778)
Dividends	(4,144)	(4,714)	-	-
Reclassification	-	-	-	-
Carrying amount as at 12/31	**27,060**	**33,189**	**20,569**	**15,929**
thereof goodwill	-	-	-	-
thereof downstream sales	(4,766)	(2,963)	(13)	(22)
thereof pro–rata net assets	31,826	36,152	20,582	15,951

1) As at the balance sheet date, the company had cash and cash equivalents of EUR 6331 thousand (previous year: EUR 13.165 thousand) and no financial liabilities, as well as depreciation and amortization of EUR 10839 thousand (previous year: EUR 1.049 thousand), interest income of EUR 1205 thousand (previous year: EUR 118 thousand) and a tax expense of EUR 243 thousand (previous year: EUR 94 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.

EUR thousand	Associated companies 2024	Associated companies 2025	Joint ventures 2024	Joint ventures 2025
Carrying amounts of shares	12,146	16,421	11,528	17,369
Total comprehensive income				
Result after income tax	4,584	2,114	6,034	2,431
Other comprehensive income after income tax	(1,603)	2,404	(2,143)	3,410
	2,981	**4,518**	**3,891**	**5,841**

(34) DEFERRED TAX ASSETS AND LIABILITIES

EUR thousand	12/31/2024	12/31/2025
Non-current assets		
Intangible assets – different useful lives	2,238	359
Intangible assets – tax-deductible goodwill	64	14
Property, plant and equipment – different useful lives	979	962
Property, plant and equipment – IFRS 16 effect	65	97
Non-current financial assets – impairment losses on untaxed financial assets	6,280	5,410
Other non-current assets	7	0
	9,633	**6,842**
Current assets		
Inventories – elimination of intercompany profits, tax-related measurement differences in manufacturing costs	14,180	15,041
Trade receivables – tax-related measurement differences in impairment allowances	3,832	4,900
Other current assets – untaxed severance payments	502	680
	18,515	**20,621**
Non-current liabilities		
Non-current financial liabilities – Lease liabilities	4,418	3,845
Non-current provisions – different approaches provisions for employee IAS 19	7,361	6,867
Other non-current liabilities	208	231
	11,987	**10,943**
Current liabilities		
Current financial liabilities – essentially lease financing	8,832	8,604
Current provisions – essentially Warranty provisions recognized at different rates	3,166	3,136
Trade payables and other current liabilities	8,638	5,566
	20,636	**17,306**
Deferred tax assets	**60,771**	**55,712**

EUR thousand	12/31/2024	12/31/2025
Non-current assets		
Intangible assets – acquisitions, development costs	(29,273)	(30,496)
Property, plant and equipment – different useful lives	(8,254)	(10,400)
Property, plant and equipment – IFRS 16 effect	(12,219)	(11,541)
Non-current financial assets	(3,891)	(1,859)
	(53,637)	**(54,296)**
Current assets		
Inventories – tax-related measurement differences in manufacturing costs	(231)	(607)
Trade receivables – Contract manufacturing (POC)	(2,448)	(3,100)
Other current assets – tax-related measurement differences	(1,778)	(1,749)
	(4,457)	**(5,456)**
Non-current liabilities		
Non-current financial liabilities – Tax-related measurement differences	-	(18)
Non-current provisions	(793)	(909)
	(793)	**(927)**
Current liabilities		
Current financial liabilities	-	-
Current provisions – essentially Warranty provisions recognized at different rates	(588)	(724)
Trade payables and other current liabilities	(1,460)	(2,539)
	(2,048)	**(3,263)**
Deferred tax liabilities	**(60,936)**	**(63,942)**

EUR thousand	12/31/2024	12/31/2025
Deferred tax assets	60,771	55,712
Deferred tax liabilities	(60,936)	(63,942)
Valuation allowance (temporary differences)	(142)	(349)
Deferred tax assets on loss carry forwards	21,593	27,063
Deferred taxes	**21,286**	**18,484**
thereof deferred tax assets accounted for	33,048	30,831
thereof deferred tax liabilities accounted for	(11,762)	(12,347)

The Austrian corporate income tax law applicable in the past fiscal year 2025 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, 2025. The country-specific income tax rates applied to foreign companies range from 9.00 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	**2024**	**2025**
As at 1/1	13,992	21,286
Charged/Credited		
due to profit or loss	8,656	(2,600)
due to other result	(1,305)	(174)
directly in equity	(57)	(9)
Sale of subsidy	0	(19)
As at 12/31	**21,286**	**18,484**

The tax loss carry-forwards are composed as follows:

	Non-capitalized loss carry-forwards		**Capitalized loss carry-forwards**	
EUR thousand	**12/31/2024**	**12/31/2025**	**12/31/2024**	**12/31/2025**
One year	6,542	4,707	-	-
Two years	5,903	5,949	-	-
Three years	5,357	5,946	-	-
Four years	11,538	5,452	-	-
Five years	8,042	14,619	-	-
More than five years	33,523	40,956	7,742	7,583
Loss carry-forwards subject to expiry	**70,905**	**77,629**	**7,742**	**7,583**
Loss carry-forwards not subject to expiry	**178,086**	**147,891**	**82,448**	**107,267**
	248,991	**225,520**	**90,190**	**114,850**

The Group does not recognize deferred tax assets of EUR 225,520 thousand (previous year: EUR 248,991 thousand) for tax loss carryforwards of EUR 53,834 thousand (previous year: EUR 59,598 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 in the amount of EUR 16,730 thousand (previous year: EUR 16,730 thousand), the tax group in the US in the amount of EUR 13,194 thousand (previous year: EUR 14,527 thousand), the companies included in the tax consolidation in Norway in the value of EUR 1,843 thousand (previous year: EUR 4,721 thousand) and the companies based in the Netherlands amounting to EUR 13,403 thousand (previous year: EUR 15,460 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 881,066 thousand (previous year: EUR 820,450 thousand) from investments in subsidiaries and joint ventures, there are deferred tax liabilities as at December 31, 2025 amounting to EUR 155,735 thousand (previous year: EUR 143,839 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 income from the reversal of deferred tax liabilities in the amount of TEUR 784 relates to deferred tax liabilities on investments that were recognized in connection with a planned restructuring through spin-off demerger restructuring. As the implementation of this restructuring, or any other form of taxable realization of the related disposal gain, is no longer expected to occur in the foreseeable future, the corresponding deferred tax liabilities were reversed.

The capitalization of deferred taxes amounting to EUR 20,662 thousand (previous year: EUR 14,297 thousand) on loss carry forwards and interest carry-forwards totalling EUR 90,186 thousand (previous year: EUR 62,382 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 24,664 thousand (previous year: EUR 27,807 thousand) and temporary differences, deferred taxes on temporary differences and tax loss carryforwards of EUR 6,400 (previous year: EUR 7,296) 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 2,387 thousand (previous year: EUR 2,700 thousand) relate to carryforward losses for the US tax group, EUR 2,015 thousand (previous year: EUR 2,075 thousand) relate to the companies covered by the Norwegian tax consolidation and EUR 1,985 thousand (previous year: EUR 2,454 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	12/31/2024	12/31/2025
Longterm lease receivables	653	7,335
Loans and customer financing	2,252	1,791
Securities	1,818	1,743
Other shareholdings	174	133
Interest rate swaps from the CF hedge	-	312
Non-current financial assets	**4,897**	**11,314**

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	12/31/2024	12/31/2025
Reimbursement rights and other receivables	3,537	2,195
Accrued expenses	585	609
Miscellaneous other non-current assets	4	41
Other non-current assets	**4,126**	**2,845**

Reimbursement rights 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	12/31/2024	12/31/2025
Raw materials, consumables and supplies	253,412	213,157
Work in progress	201,952	170,204
Finished goods and merchandise	157,187	159,855
Prepayments	9,420	9,942
Inventories	**621,971**	**553,158**

Inventories amounting to EUR 2,934 thousand (previous year: EUR 408 thousand) are measured at net realizable value.

In the fiscal year 2025, impairment losses on inventories amounting to EUR 6,638 thousand (previous year: EUR 12,521 thousand) and reversals of impairment losses from inventories deemed obsolete amounting to EUR 1,785 thousand (previous year: EUR 1,053 thousand) were reported in cost of sales.

(38) TRADE RECEIVABLES AND CONTRACT ASSETS FROM CUSTOMER CONTRACTS

The trade receivables are as follows:

EUR thousand	12/31/2024	12/31/2025
Receivables from contract manufacturing and rendering of services	22,685	21,135
Invoiced receivables	251,089	273,508
Trade receivables and contract assets from customer contracts	**273,774**	**294,643**

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, 2025 amount to EUR 131,539 thousand (previous year: EUR 109,221 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 3,342 thousand (previous year: EUR 2,820 thousand) and recognizes a corresponding associated liability reported as liabilities to banks EUR 3,342 thousand (previous year: EUR 2,820 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 273,488 thousand (previous year: EUR 250,921 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	2024	2025
As at 1/1	**17,342**	**23,105**
Addition due to PoC progress	70,574	74,829
Progress billings	(63,631)	(76,230)
Accumulated adjustment	(181)	-
Reclassified as held for sale	(805)	-
Foreign currency translation	(194)	(465)
As at 12/31	**23,105**	**21,239**
Recorded impairment	(420)	(104)
Contract assets incl. impairments	**22,685**	**21,135**

The risk from expected loss rates is accounted for with an allowance amounting to EUR 17,779 thousand (previous year: EUR 17,460 thousand). 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	**2024**	**2025**	**2024**	**2025**
As at 1/1	10,101	10,631	7,711	6,830
Change in Scope	-	-	-	-
Allocation	2,414	1,245	4,130	5,504
Use	(344)	(1,795)	(439)	(355)
Reversal	(199)	(969)	(3,756)	(3,506)
Reclassification	117	73	(117)	(73)
Reclassification to IFRS 5	(1,208)	-	(448)	-
Foreign currency translation	(250)	90	(252)	105
As at 12/31	**10,631**	**9,275**	**6,830**	**8,505**

(39) CURRENT FINANCIAL ASSETS

Current financial assets are composed as follows:

EUR thousand	12/31/2024	12/31/2025
Derivative financial instruments	1,085	390
Other financing receivables	39	986
Current financial assets	**1,124**	**1,376**

(40) OTHER CURRENT RECEIVABLES AND ASSETS

Other current receivables and assets are composed as follows:

EUR thousand	12/31/2024	12/31/2025
Receivables relating to social security and other taxes	30,282	24,714
Other receivables	27,511	32,244
Accrued expenses and compensation payments	18,129	21,707
Receivables from entities reported at equity	82	31
Other current receivables and assets	**76,004**	**78,696**

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 composed as follows:

EUR thousand	12/31/2024	12/31/2025
Cash on hand	124	96
Deposits at banks	131,679	157,372
Cash and cash equivalents	**131,803**	**157,468**

As at December 31, 2025, there are restrictions on the disposal of cash and cash equivalents amounting to EUR 7.5 million (previous year: EUR 6.8 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	2024	2025
As at 1/1	34,766,742	34,766,742
Sale of own shares	-	2,826,516
As at 12/31	**34,766,742**	**37,593,258**

(43) SHARE PREMIUM

The share premium relates to appropriated and unappropriated additional paid-in capital.

(44) TREASURY SHARES

As at December 31, 2025, the number of treasury shares held by the company amounted to 0 shares (previous year 2,826,516 shares).

The Executive Board was authorized by the Annual General Meeting on April 3, 2025 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.

On July 28, 2025, the Palfinger AG Executive Board resolved to offer up to 2,826,516 treasury shares, corresponding to up to 7.5 percent of the company's share capital, for sale to institutional investors by way of an accelerated bookbuilding process. The private placement was carried out excluding the subscription rights (purchase rights) of existing shareholders. The exclusion of subscription rights is based on the resolution of the 37th Annual General Meeting on April 3, 2025, which authorized the Management Board, with the approval of the Supervisory Board, to sell or use the company's own shares, among other things, excluding the subscription rights of shareholders.

On July 31, 2025, 2,826,516 treasury shares were successfully placed off-exchange at a price of EUR 35.40 per share. The gain from the sale of EUR 565 thousand and the transaction costs were recognized in equity without affecting income.

(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	**2024**	**2025**
AED	819	(4,455)
BRL	(6,764)	(171)
NOK	(1,847)	1,625
CNY	956	(1,936)
RUB	(18,985)	27,933
SEK	(1,061)	2,084
USD	9,601	(21,759)
Other	1,680	(7,619)
Currency translation reserve	**(15,601)**	**(4,298)**

(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 2025 amounted to 35,951,556 shares (previous year: 34,766,742 shares).

Based on the consolidated net result of EUR 96,683 thousand (previous year: EUR 100,018 thousand), undiluted earnings per share amount to EUR 2.69 (previous year: EUR 2.88). 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 2024 (Annual General Meeting of April 3, 2025)	31,290	34,766,742	0.90
Dividend resolved for the fiscal year 2023 (Annual General Meeting of April 10, 2024)	36,505	34,766,742	1.05

The net profit for 2025 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 2025 of PALFINGER AG	109,799
Retained profits brought forward from 2024	215,679
Total net profit	**325,478**
Proposed dividend (EUR 0.90 per share)	(33,834)
Remaining accumulated profit	**291,644**

The dividend to be proposed by the Executive Board and Supervisory Board to the Annual General Meeting on April 3, 2026 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	**2024**	**2025**
As at 1/1	**1,590**	**(2,315)**
Changes in unrealized gains (+)/losses (–)		
Interest rate swap contracts	315	486
Currency forward contracts	(1,589)	1,701
	(1,274)	**2,187**
Changes in realized gains (–)/losses (+)		
Interest rate swap contracts	(2,658)	(582)
Currency forward contracts	27	69
	(2,631)	**(513)**
Change	**(3,905)**	**1,674**
As at 12/31	**(2,315)**	**(641)**

(49) NON-CONTROLLING INTERESTS

The table below shows summarized financial information before intra-group eliminations for each subsidiary with material non-controlling interests:

12/31/2024

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

12/31/2025

EUR thousand	Andrés N. Bertotto (Hidro-Grubert)	EPSILON Kran GmbH	Nimet Srl	PM Group
Net assets				
Non-current assets	3,489	24,140	64,285	38,873
Current assets	14,919	61,361	29,894	41,351
Non-current liabilities	6	900	1,086	1,645
Current liabilities	14,540	50,096	23,517	8,339
	3,862	**34,505**	**69,576**	**70,240**
Non-controlling interests				
Shares/voting rights	30%	35%	40%	25%
Carrying amount	869	13,793	27,422	15,950

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	-	12,719	1,328	-

Jan–Dec 2025

EUR thousand	Andrés N. Bertotto (Hidro-Grubert)	EPSILON Kran GmbH	Nimet Srl	PM Group
Cash flow				
Cash flows from operating activities	847	13,751	3,794	2,860
Cash flows from investing activities	(1,379)	4,406	(3,441)	(2,366)
Cash flows from financing activities	149	(18,162)	143	(115)
Non-controlling interests				
Profit/loss attributable	398	8,747	244	85
Share of other comprehensive income	(482)	9	(675)	3,351
Dividends	18	7,337	308	-

The net assets of EPSILON Kran GmbH are restricted 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.

For 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	12/31/2024	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	12/31/2025	Remaining durations
Promissory note loan	18,500	1 - 2 years
Promissory note loan ESG-linked	247,000	2 - 5 years
Equity financing and bilateral loans	3,465	1 - 3 years
ESG Financing (sustainability linked loan)	195,000	1 - 3 years
Lease liabilities	49,106	1 - 25 years
Other non-current financial liabilities	1,416	-
Non-current financial liabilities	**514,487**	

EUR thousand	12/31/2024	12/31/2025
Promissory note loan	35,024	34,462
Equity financing and bilateral loans	50,943	53,272
Lease liabilities	15,409	16,228
Other current financial liabilities	6,661	11,517
Current financial liabilities	**108,037**	**115,479**

Deferred interest expenses are included in the current financial liabilities. The other current financial liabilities include the associated liability amounting to EUR 3,342 thousand (previous year: EUR 2,820 thousand) recognized for the cointinuing involvement and liabilities arriving from hedge accounting amounting to EUR 313 thousand (previous year: EUR 2,740 thousand).

For more information on PALFINGER loans, please refer to the explanations in the Cash and Liquidity Management section on page 40.

The average interest rate represents the interest burden as at December 31, 2025 after taking into account interest rate hedges as a percentage in relation to the carrying amount of the financial liabilities as at December 31, 2025 and amounts to 3.51 percent (previous year: 3.76 percent).

(51) PURCHASE PRICE LIABILITIES FROM ACQUISITIONS

The development of purchase price liability from acquisitions is shown below:

EUR thousand	2024	2025
As at 1/1	1,759	1,184
Release	(641)	(24)
Interest effect	126	60
Redemption	(60)	(1,160)
As at 12/31	**1,184**	**60**

The contingent considerations for the minority acquisition of Palfinger Portugal (Palfinger comércio e aluguer de máquinas, S.A.) amounting to EUR 1,100 thousand was settled in 2025. Additionally there is a deferred purchase price liability for Equipdraulic, which will be paid by 2026.

The carrying amount as of the reporting date for Equipdraulic is EUR 60 thousand (previous year: EUR 120 thousand) and for Palfinger Portugal is EUR 0 thousand (previous year: EUR 1,040 thousand).

(52) NON-CURRENT PROVISIONS

Non-current provisions are composed as follows:

EUR thousand	12/31/2024	12/31/2025
Pension provisions	7,574	6,404
Provisions for severance payments	26,380	25,012
Anniversary bonus provisions	9,607	9,211
Other non-current provisions	584	801
Non-current provisions	**44,146**	**41,428**

Pension provisions

Due to individual contractual agreements, PALFINGER is obligated to grant a pension to some employees starting from the date of their retirement. 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.)	
	2024	2025	2024	2025	2024	2025
Germany	65-67 years	65-67 years	2.81% - 3.28%	3.09% - 3.98%	1.50% - 3.00%	0.50% - 2.20%
France	65 years	65 years	3.25%	3.72%	2.80%	2.40%
Austria	65 years	65 years	3.10% - 3.33%	3.49% - 4.05%	1.70%	1.70%

The change in the interest rate is based on reassessment due to the changed market conditions.

As at December 31, 2025, the average duration of the defined benefit obligations from pension commitments was 9.25 years (previous year: 10.19 years). For the fiscal year 2026, expected contributions to pension obligations amount to EUR 90 thousand (previous year: EUR 106 thousand).

The calculation of the pension provisions as at December 31, 2025 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, and in most cases 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.)	
	2024	2025	2024	2025	2024	2025
Austria	3.04% - 3.28%	3.49% - 3.98%	3.00%	2026: 1.9%; 2027+: 3.00%	0.26% to 0.70% (based on length of service)	0.16% to 0.50% (based on length of service)
Slovenia	3.31%	4.05%	3.00%	3.00%	2.00%	2.00%
Bulgaria	2.97% - 3.37%	3.49% - 3.98%	2025: 4.00% - 5.00%; 2026+: 3.00% - 5.00%	3.00% - 5.00%	2.00% to 18.00% (age-related)	2.00% to 18.00% (age-related)
Qatar & UAE	5,20% - 5,25%	4.00% - 4.60%	2,00% - 3,00%	2.00% - 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, 2025, the average duration of the defined benefit obligations from severance payments was 9.35 years (previous year: 9.99 years). For the fiscal year 2025, expected contributions to severance payments amount to EUR 1,055 thousand (previous year: EUR 1,182 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:

EUR thousand	12/31/2024	Pensions 12/31/2025	12/31/2024	Severance payments 12/31/2025
Net present value of the obligation	8,371	7,252	26,380	25,012
Fair value of plan assets	(797)	(848)	-	-
Provision	**7,574**	**6,404**	**26,380**	**25,012**

EUR thousand	2024	Pensions 2025	2024	Severance payments 2025
Net present value of the obligation as at 1/1	8,674	8,371	25,324	26,380
Service cost	224	97	1,819	1,770
Interest expenses	307	247	948	818
Gains (–)/losses (+) from re-measurements	(361)	(355)	1,212	(810)
Effective payments	(472)	(521)	(2,635)	(2,947)
Settlements	4	(548)	(17)	(128)
Reclassified as held for sale	-	-	(349)	-
Reclassifications	-	(40)	-	40
Foreign currency translation	(5)	1	78	(111)
Net present value of the obligation as at 12/31	**8,371**	**7,252**	**26,380**	**25,012**

Plan assets consist of a pension fund at a reputable insurance company.

EUR thousand	2024	2025
Fair value of plan assets as at 1/1	802	797
Expected return on plan assets	26	23
Gains (+)/losses (–) from re-measurements	(26)	29
Foreign currency translation	(5)	(1)
Fair value of plan assets as at 12/31	**797**	**848**

The actual sum amounted to EUR 51 thousand (previous year: EUR 0 thousand).

Net cost for pensions and severance payment commitments are shown as follows:

EUR thousand	Jan-Dec 2024	Pensions Jan-Dec 2025	Jan-Dec 2024	Severance payments Jan-Dec 2025
Employee expenses				
Service cost	(224)	(97)	(1,799)	(1,557)
Past service cost	0	0	(19)	(214)
Gains/Losses from settlements	4	548	(17)	128
Interest expenses				
Interest expenses	(281)	(224)	(948)	(818)
Net expenses	**(501)**	**227**	**(2,783)**	**(2,461)**

Re-measurements are shown as follows:

EUR thousand	Jan-Dec 2024	Pensions Jan-Dec 2025	Jan-Dec 2024	Severance payments Jan-Dec 2025
Experience adjustments	(123)	48	(183)	296
Changes in demographic assumptions	-	-	46	217
Changes in financial assumptions	(238)	(403)	1,349	(1,323)
Return on plan assets	27	(29)	-	-
Gains (–)/losses (+) from re-measurements	**(334)**	**(384)**	**1,212**	**(810)**

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	2024	2025	2024	2025	2024	2025	2024	2025
Interest rate	(782)	(586)	827	685	(2,319)	(2,052)	2,682	2,360
Pension increase/salary increase	774	651	(755)	(570)	2,560	2,262	(2,259)	(2,006)

ANNIVERSARY BONUS PROVISIONS

Provisions for anniversary bonuses derived from collective bargaining arrangements and/or works agreements are calculated using actuarial principles.

Changes in anniversary bonus provisions are shown below:

EUR thousand	2024	2025
As at 1/1	8,627	9,607
Allocation	1,144	(124)
Interest effect	301	286
Use	(465)	(558)
As at 12/31	**9,607**	**9,211**

OTHER NON-CURRENT PROVISIONS

The development of other non-current provisions is shown below:

EUR thousand	2024	2025
As at 1/1	562	584
Allocation	301	428
Usage	(281)	(173)
Foreign currency translation	2	(38)
As at 12/31	**584**	**801**

(53) OTHER NON-CURRENT LIABILITIES

Other non-current liabilities relate primarily to liabilities to employees.

(54) CURRENT PROVISIONS

The development of current provisions is shown below:

EUR thousand	Provision for guarantee and warranty expenses 2024	2025	Other current provisions 2024	2025
As at 1/1	27,770	27,743	16,630	18,301
Allocation	5,624	9,666	20,012	17,739
Usage	(5,885)	(8,302)	(18,386)	(19,377)
Reversal	(13)	-	(84)	(810)
Foreign currency translation	247	(721)	129	(787)
As at 12/31	**27,743**	**28,386**	**18,301**	**15,066**

The other non-current provisions include provisions for personnel amounting EUR 673 thousand (previous year: EUR 3,290 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 onerous contracts for expectes losses from customer contracts in the amount of EUR 4,195 thousand (previous year: EUR 3,920 thousand).

(55) TRADE PAYABLES AND OTHER CURRENT LIABILITIES

The trade payables and other current liabilities are broken down as follows:

EUR thousand	12/31/2024	12/31/2025
Trade payables	210,173	244,844
Liabilities to entities reported at equity	2,231	1,118
Liabilities to employees	68,289	66,149
Liabilities relating to social security and other taxes	37,834	33,737
Other liabilities	69,367	57,930
Trade payables and other current liabilities	**387,894**	**403,778**

The liabilities to employees amounting to EUR 66,149 thousand (previous year: EUR 68,289 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 57,930 thousand (previous year: EUR 69,367 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, no change occurs in the presentation 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, 2025 the programme was used for trade payables amounting to EUR 50,270 thousand (previous year: EUR 36,671 thousand).

The book values are shown in the following table:

EUR thousand	31.12.2024	31.12.2025
Reported under trade liabilities and other liabilities	36,671	50,270
thereof suppliers have received as payment	30,080	42,520
Reported under financial liabilitites	-	-
thereof suppliers have received as payment	-	-

The ranges of the maturities are as follows:

	2024	2025
Liabilities that are part of the agreement	90 to 120 days	90 to 120 days
Comparable trade liabilities that are not part of an agreement	30 to 180 days	30 to 180 days

(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	2024	2025
As at 1/1	70,174	73,772
Addition	61,119	56,372
Recognized as revenue	(54,901)	(51,363)
Reclassified as held for sale	(134)	-
Accumulated adjustment	-	460
Foreign currency translation	(2,486)	(1,693)
As at 12/31	**73,772**	**77,548**

(57) FINANCIAL INSTRUMENTS

The reconciliation of the carrying amounts for each category according to IFRS 9 is shown below:

EUR thousand	Carrying amount 12/31/2024	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**

			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	
-	281,771	-	-	281,771
				15,409
-	**1,019,722**	**2,791**	**3,024**	**1,083,044**

EUR thousand	Carrying amount 12/31/2025	No financial instrument/ recognition according to IFRS 10	Measured according to IFRS 16
Non-current assets			
Non-current financial assets	11,314	-	7,335
thereof Level 1 fair value			
thereof Level 2 fair value			
Current assets			
Trade receivables	273,508	-	-
thereof Level 3 fair value			-
Contract assets from customer contracts	21,135	21,135	-
Current financial assets	1,376	-	969
thereof Level 2 fair value			
Other current receivables and assets	78,696	47,002	-
Cash and cash equivalents	157,468	-	
Assets	**543,498**	**68,137**	**8,304**
Non-current liabilities			
Non-current financial liabilities	465,382	-	
thereof Level 2 fair value			
Other non-current liabilities	230	230	-
Non-current leasing liabilities	49,106		49,106
Non-current contract liabilities from customer contracts	5,251	5,251	-
Current liabilities			
Current financial liabilities	99,251	-	
thereof Level 2 fair value			
Current purchase price liabilities from acquisitions	60	-	-
Trade payables and other current liabilities	403,778	99,886	-
Current lease liabilities	16,228		16,228
Current contract liabilities from customer contracts	72,296	72,296	
Liabilities	**1,111,583**	**177,664**	**65,334**

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 12/31/2025**
	1,791		312	1,875	11,314
			-	1,743	
			312	133	
	133,435		140,073	-	273,508
	-		140,073	-	
	-		-	-	-
	986		19	371	2,345
			19	371	
	31,694		-	-	31,694
	157,468		-	-	157,468
	325,375		**140,404**	**2,247**	**476,329**
	-	464,401	980	-	465,382
			980		
	-	-	-	-	-
					49,106
	-	-	-	-	-
	-	98,938	122	191	99,251
			122	191	
	-	60	-	-	60
	-	303,892	-	-	303,892
					16,228
	-	**867,291**	**1,103**	**191**	**933,919**

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 to EUR 465,382 thousand (previous year: EUR 649,935 thousand) is also approximately equivalent to the market value (level 2) of EUR 466,392 thousand (previous year: EUR 651,785 thousand).

Income from the disposal of securities in the fiscal year 2025 amounted to EUR 51 thousand (previous year: EUR 74 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	2024	2025
As at 1/1	915	1,041
Accrued interest	126	59
Redemption	-	(1,100)
As at 12/31	**1,041**	**-**

Result in the income statement

EUR thousand	Jan-Dec 2024	Jan-Dec 2025
Other interest expenses	(126)	(59)
Other operating expenses/income	-	-
Unrealized gain/loss for financial instruments held on the balance sheet date	**(126)**	**(59)**

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 2025 the equity ratio was 42.90 percent (previous year: 35.28 percent). The gearing ratio was 50.04 percent due to the increased consolidated equity and the significant decrease in net financial debt (previous year: 87.96 percent). Net financial debt decreased to EUR 459,941 thousand (previous year: EUR 662,419 thousand) due to improvements in working capital and the inflow of capital from the sale of treasury shares 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 919,178 thousand (previous year: EUR 753,067 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 0.90) per share was proposed for fiscal year 2025.

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 2025, equity ratio was 42.90 percent (previous year: 35.28 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 540 million (previous year: EUR 716 million).

In 2025, a total of 2,826,516 treasury shares with a value of EUR 100 million were successfully placed with institutional investors through an accelerated private placement ("Accelerated Bookbuilding"). PALFINGER intends to use the net proceeds from the sale of these treasury shares to further expand its service structures in Europe and North America, to capitalize on growth opportunities particularly in North America and Asia, to intensify its activities in the defense sector, and to strengthen the company's capital structure.

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:

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**

2025 EUR thousand	< 1 year	1–5 years	> 5 years	12/31/ 2025
Trade payables and other liabilities				
Trade payables	245,939	-	-	245,939
Other liabilities for financial instruments	57,953	-	-	57,953
	303,892	**-**	**-**	**303,892**
Financial liabilities	113,304	452,979	51,712	617,995
Lease liabilities	16,594	34,299	31,141	82,034
Liabilities from cash flow hedges	681	2,886	-	3,567
Liabilities from derivatives held for trading	934	-	-	934
Purchase price liabilities from acquisitions	60	-	-	60
Undiscounted cash flows	**435,464**	**490,163**	**82,854**	**1,008,482**

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 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	12/31/2024 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**	

				12/31/2025
EUR thousand	Carrying amount	Gross carrying amount	Allowance	Expected loss rates
Receivables not yet due	**199,648**	**202,962**	**3,314**	**2%**
Receivables due				
Overdue less than 30 days	46,022	47,088	1,065	2%
Overdue more than 30 days but less than 60 days	12,254	12,492	238	2%
Overdue more than 60 days but less than 90 days	10,938	11,290	352	3%
Overdue more than 90 days but less than 120 days	7,121	7,377	256	3%
Overdue more than 120 days	18,660	30,761	12,101	39%
	94,995	**109,008**	**14,012**	
Trade receivables and contract assets	**294,643**	**311,970**	**17,327**	

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 68 million and USD 10 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 local value creation (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 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 2024	Jan–Dec 2025
Foreign currency gains	13,529	13,164
Foreign currency losses	(13,324)	(17,806)
Exchange rate differences in the result from entities reported at equity	(1,896)	2,664
Profit (loss) from operating activities	**(1,691)**	**(1,978)**
Exchange rate differences in the net financial result	(2,924)	(5,257)
Result from exchange rate differences	**(4,615)**	**(7,235)**

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:

12/31/2024 EUR thousand		**+10%**			**(10%)**	
	recognized in profit or loss	**recognized directly in equity**	**Total effect**	**recognized in profit or loss**	**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	-	205
HKD	(2)	-	(2)	2	-	2
INR	(119)	-	(119)	146	-	146
JPY	29	-	29	(35)	-	(35)
KRW	-	(31)	(31)	-	38	37
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**

12/31/2025 EUR thousand		**+10%**			**(10%)**	
	recognized in profit or loss	**recognized directly in equity**	**Total effect**	**recognized in profit or loss**	**recognized directly in equity**	**Total effect**
AED	3	-	3	(4)	-	(4)
ARS	-	-	-	-	-	-
AUD	-	-	-	-	-	-
BRL	51	(424)	(373)	(62)	518	456
CAD	(133)	-	(133)	163	-	163
CNY	(825)	(394)	(1,219)	1,008	482	1,490
CZK	48	-	48	(59)	-	(59)
DKK	(133)	-	(133)	162	-	162
GBP	2	-	2	(2)	-	(2)
HKD	3	-	3	(4)	-	(4)
INR	(229)	-	(229)	280	-	280
JPY	(10)	-	(10)	13	-	13
KRW	(32)	(27)	(59)	40	33	73
VND	63	-	63	(77)	-	(77)
NOK	340	(1,033)	(693)	(416)	1,262	846
PLN	193	36	229	(236)	(44)	(280)
RON	-	-	-	-	-	-
RUB	(307)	-	(307)	375	-	375
SEK	4	-	4	(4)	-	(4)
SGD	(171)	-	(171)	209	-	209
USD	(2,128)	(3,443)	(5,571)	2,600	4,208	6,808
Foreign currency sensitivities	**(3,261)**	**(5,285)**	**(8,546)**	**3,986**	**6,459**	**10,445**

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 depreciation financial assets or an appreciation of financial liabilities. Changes in value have a greater impact for long-term fixed interest rates than for variable interest rates.

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 190.0 million
(previous year: EUR 235.0 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 1.2 million (previous year: EUR 2.5 million). A hypothetical increase in interest rates of 100 basis points would lead to an increase in other comprehensive income of EUR 1,850 thousand (previous year: EUR 5,634 thousand), whereas a decrease of 100 basis points would lead to a decrease in other comprehensive income of EUR 6,348 thousand (previous year: EUR 7,523 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 delivery of finished products and components primarily from EMEA to NAM, LATAM, and APAC results in risk positions, particularly in USD, BRL, and Asian currencies, which are not covered 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 risks, in particular in the Marine and Offshore sector, are passed to the central treasury department and hedged on a project specific hedging strategy, if invoicing in the local currency is not an option.

The sale of foreign through foreign exchange forward contracts represents a hedging position for operational foreign currency inflows. The result from the underlying transaction is offset 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 the risk of interest rate changes for loans with variable interest 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. The increased volatility in international financial markets has amplified the impact of interest rate changes on the financial result of the PALFINGER Group. The risk of changes in variable interest rates is mitigated through the use of derivative financial instruments (interest rate swaps) and converted into fixed-rate financing. Due to the reduced financing volume, no additional derivative financial instruments were concluded in 2025 to 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.

	Notional value in contract currency		Mark-to-market valuation (EUR)		Maximum duration/maturity
in thousands	**12/31/2024**	**12/31/2025**	**12/31/2024**	**12/31/2025**	
Currency forwards					
sell EUR/buy NOK	EUR 10.360	EUR 40.557	(140)	(129)	20.12.2030
sell EUR/buy CNY	EUR 1.955	EUR 4.337	47	17	18.11.2026
sell PLN/buy EUR		PLN 1.685	-	(2)	30.03.2026
sell NOK/buy EUR	NOK 16.855	NOK 34.804	19	24	25.09.2026
sell NOK/buy USD		NOK 10.263	-	24	23.01.2026
sell USD/buy EUR	USD 34.174	USD 29.242	(802)	36	18.06.2025
sell USD/buy NOK	USD 2.180	USD 6.263	(148)	161	17.08.2026
			(1,024)	**131**	
Interest rate swaps	EUR 235.000	EUR 190.000	(780)	(904)	24.04.2030
Cash flow hedge			**(1,804)**	**(773)**	

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 (48) Valuation reserve according to IFRS 9.

Safeguarding of financial resources

Derivative financial instruments used to hedge financial resources and 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 “ at fair value trhough profit or loss”. Changes in the fair value of these financial instruments are recognized in profit or loss in the income statement.

	Notional value in contract currency		Mark-to-market valuation (EUR)		Maximum duration/maturity
in thousands	12/31/2024	12/31/2025	12/31/2024	12/31/2025	
sell AUD/buy EUR	AUD 0	AUD 100	-	2	19.03.2026
sell CAD/buy EUR	CAD 4.100	CAD 400	12	-	19.06.2026
sell CNY/buy EUR	CNY 27.500	CNY 0	(145)	(33)	19.03.2026
sell GBP/buy EUR	GBP 2.615	GBP 0	(4)	-	
sell EUR/buy GBP	GBP 0	GBP 2.800	-	(6)	19.03.2026
sell EUR/buy HKD	HKD 0	HKD 13.100	-	11	19.03.2026
sell JPY/buy EUR	JPY 725.000	JPY 588.000	57	37	18.06.2026
sell NOK/buy EUR	NOK 147.000	NOK 0	(120)	-	
sell EUR/buy NOK	NOK 0	NOK 134.100	-	51	19.03.2026
sell PLN/buy EUR	PLN 17.000	PLN 17.750	8	16	19.06.2026
sell EUR/buy SEK	SEK 151.300	SEK 58.600	8	72	18.06.2026
sell USD/buy EUR	USD 61.800	USD 78.750	(1,503)	166	18.06.2026
sell EUR/buy BRL	EUR 3.153	EUR 2.318	(138)	(94)	11.05.2026
sell USD/buy BRL	USD 785	USD 1.494	(60)	(44)	17.04.2026
Currency swap contracts			**(1,885)**	**178**	

Changes in value from currency swaps amount to EUR 2,062 thousand (previous year: EUR -4,240 thousand) and are included in the net financial result under exchange rate differences in the amount of EUR 2,062 thousand (previous year: EUR -4,240 thousand).

Other financial obligations

As at December 31 2025 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 180 thousand as of the reporting date (previous year: EUR 143 thousand).

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

For the presentation of the consolidated cash flow statement, the indirect method is used for the cash flow from operating activities. Cash and cash equivalents corresponds to cash-in-hand and short-term financial resources.

Cash flow from operations reached EUR 255.5 million in 2025 compared to EUR 228.0 million in 2024. The main reason for this was the further reduction of working capital compared to the previous year.

Other non-cash income and expenses include exchange rate differences and valuation effects.

The positive change in cash flow from investing activities is due to a decrease in payments for the acquisition of assets compared to the previous year. In the previous year, the payments were mainly attributable to the expansion of production capacities in Austria, Germany, Serbia, and Romania as well as the acquisition of land in Spain and Austria.

Additions of intangible assets and property, plant and equipment include non-cash capital expenditures in the amount of EUR 8,878 thousand (previous year: EUR 6,815 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 1/1/2024	**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**
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**

EUR thousand	Promissory note loans	Equity financing	ESG Financing	Lease liabilities	Other financing	Total
As at 1/1/2025	**397,024**	**15,001**	**283,428**	**57,508**	**42,333**	**795,294**
New lease contracts	**-**	**-**	**-**	**24,222**	**-**	**24,222**
Lease contract disposals	**-**	**-**	**-**	**(965)**	**-**	**(965)**
Changes in cash flows from financing activities						
Issue of promissory note loans	-	-	-	-	-	-
Raising of loans for the acquisition of investments	-	-	-	-	-	-
Raising of ESG loans	-	-	-	-	-	-
Repayment of financing for the acquisition of investments	-	(15,000)	-	-	-	(15,000)
Non-current refinancing of redemptions and maturing current loans	-	-	50,000	-	-	50,000
Repayment of maturing/terminated loans	-	-	(85,000)	-	(31,733)	(116,733)
Repayment of current bridge financing loans for the acquisition of investments	-	-	-	-	-	-
Repayment of maturing/terminated promissory note loans	(96,000)	-	-	-	-	(96,000)
Repayment of maturing/terminated lease liabilities	-	-	-	(17,742)	-	(17,742)
Raising of short-term financing	-	-	-	-	20,516	20,516
Repayment of current financing	-	-	-	-	(15,000)	(15,000)
	(96,000)	**(15,000)**	**(35,000)**	**(17,742)**	**(26,217)**	**(189,959)**
Foreign currency translation	**-**	**-**	**-**	**(591)**	**106**	**(485)**
Accrued interest	**(1,062)**	**(1)**	**(1,441)**	**2,902**	**169**	**567**
As at 12/31/2025	**299,962**	**0**	**246,987**	**65,334**	**16,390**	**628,674**

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 3, 2025. 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**		**Other**		**Supervisory Board**		**Other**
EUR thousand	**12/31/2025**	**12/31/2024**	**12/31/2024**	**12/31/2025**	**12/31/2025**	**12/31/2025**	**12/31/2024**	**12/31/2025**
Receivables	9,447	1,548	5	-	281	-	988	281
Liabilities	96	2,340	442	490	1,371	490	2,326	1,371
Revenue	113,159	2,452	-	-	18,427	-	21,849	18,427
Other operating income	1,009	242	13	9	52	9	71	52
Purchased services	(5)	(60)	(459)	(538)	(1,088)	(538)	(1,030)	(1,088)
Cost of materials	(26)	(5,631)	-	-	-	-	-	-
Interest income / expense	(1)	-	-	-	1	-	(12)	1

Receivables from associated companies and joint ventures include trade receivables in the amount of EUR 11,262 thousand (previous year: EUR 7,941 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, 2025, JETFLY Airline GmbH reported equity of EUR -3 thousand (previous year: EUR -130 thousand). There is therefore an obligation to inject capital amoutning EUR 180 thousand (previous year: EUR 143 thousand).

Of the liabilities to associated companies and joint ventures amounting to EUR 1,685 thousand (previous year: EUR 3,168 thousand), EUR 1,095 thousand (previous year: EUR 1,382 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 2025 is 12,137 people (previous year: 12,574 people). As at the balance sheet date, the number of employees in the PALFINGER Group is 12,058 people (previous year: 12,358 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 2025:

- Hubert Palfinger, Chair[1)2)]
- Gerhard Rauch, 1st Deputy Chair[1)2)]
- Hannes Palfinger, 2nd Deputy Chair[1)2)]
- Sita Monica Mazumder
- Hannes Bogner [1) 2)]
- Isabel Diaz Rohr (until April 3, 2025) [1)]
- Marianne Heiss (since April 3, 2025) [2)]
- Johannes Kücher (worker council) [2)]
- Carina Weindl (worker council)
- Erwin Asen (worker council)

1) Member of the Nomination and Remuneration Committees.
2) Member of the Audit Committee.

Executive board

- Andreas Klauser, Chief Executive Officer
- Felix Strohbichler, Chief Financial Officer
- Alexander Susanek, Chief Operating Officer
- Maria Koller, Chief Human Ressources Officer

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 2024[1)]	Jan-Dec 2025	Jan-Dec 2024[1)]	Jan-Dec 2025[1)]
Andreas Klauser	806	836	663	640
Felix Strohbichler	608	618	567	541
Alexander Susanek	588	607	501	484
Maria Koller	468	485	385	368
Current remuneration	**2,470**	**2,546**	**2,116**	**2,033**

1) Corresponds to the amount of the provision.

There are liabilities amounting to EUR 2,033 thousand (previous year: EUR 2,116 thousand) for the current performance-based remuneration of the members 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 2025, provisions amounting to EUR 3,002 thousand (previous year: EUR 2,952 thousand) will be recognized as personnel expenses affecting the result.

Expenses for severance payments and pensions at PALFINGER AG amount to EUR 170 thousand (previous year: EUR 182 thousand) for members of the Executive Board and senior executives and EUR 834 thousand (previous year: EUR 1,316 thousand) for the remaining employees.

Expenses for severance payments include payments made to contribution-based pension plans in the amount of EUR 123 thousand (previous year: EUR 120 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 2025 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 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) 2024	2025	Indirect investment[3] (in percent) 2024	2025	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	-	EUR
EPSILON Kran GmbH, Salzburg (AT)	EMEA	65.00	65.00	65.00	65.00	EUR
Equipment Technology, LLC, Oklahoma City (US)	PUSH	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
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
Mega Repairing Machinery Equipment LLC, Dubai (AE)	PSYSU	100.00	-	100.00	-	AED
Megarme Inspection & Engineering Services LLC, Dubai (AE)	PSYSU	100.00	-	100.00	-	AED6)
Megarme General Contracting Company LLC, Abu Dhabi (AE)	PSYSU	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, Inc., Niagara Falls (CA)	PAM	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 Brasil S.A., Caxias do Sul (BR) (2024: Madal Palfinger S.A.)	PAM	99.94	99.94	99.94	99.94	BRL
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 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 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 India Pvt. Ltd., Chennai (IN)	PAUG	100.00	100.00	100.00	100.00	INR
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 Kamaz 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	-	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

Company, registered office	Parent company[1)]	Direct investment[2)] (in percent) 2024	Direct investment[2)] (in percent) 2025	Indirect investment[3)] (in percent) 2024	Indirect investment[3)] (in percent) 2025	FC[4)]
Consolidated entities						
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
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 Panama Inc., Panama City (PA)	PALM US	100.00	100.00	100.00	100.00	USD
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, Schaumburg (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
Palfinger Project 1 GmbH, Vienna (AT) (2024: STRUCINSPECT GmbH)	PAG	82.18	100.00	82.18	100.00	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 Slovakia s.r.o., Bratislava (SK) (2024: Palfinger Tail Lifts s.r.o.)	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, LLC, Tiffin (US)	OSP	100.00	100.00	100.00	100.00	USD
Palfinger USA Operations, LLC, Council Bluffs (US)	PUSH	100.00	100.00	100.00	100.00	USD
Palfinger Vietnam Co Ltd., Ho Chi Minh City (VN)	PAP	100.00	100.00	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) 2024	Direct investment[2)] (in percent) 2025	Indirect investment[3)] (in percent) 2024	Indirect investment[3)] (in percent) 2025	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
STRUCINSPECT GmbH, Vienna (AT)	PAG	-	27.39	-	27.39	EUR
Storm Cranes AS, Kristiansund (NO)	PM HO	-	40.00	-	40.00	NOK
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	6.21	6.21	6.21	6.21	NOK
KESTRELEYE GmbH, Klagenfurt (AT)	PAG	10.00	10.00	10.00	10.00	EUR
Rosendal Hamn Eigedom AS, Rosendal (NO)	PALM AS	3.02	3.02	3.02	3.02	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)
HINZ = Palfinger AB, Borlänge (SE)
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)
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)
PP = Palfinger Platforms GmbH, Löbau (DE)
PPT BG = 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)
PTS = Palfinger Trading (Shanghai) Co., Ltd., Shanghai (CN)
PUSH = Palfinger US Holdings, Inc., Schaumburg (US)

Bergheim, March 2, 2026

The Executive Board of PALFINGER AG

Ing. Andreas Klauser e.h.	**Dr. Felix Strohbichler e.h.**	**Dr. Alexander Susanek e.h.**	**Mag. Maria Koller e.h.**
CEO	CFO	COO	CHRO

04

STATEMENT & REPORTS

DECLARATION OF ALL MANAGEMENT

We confirm to the best of our knowledge that the consolidated financial statements for the year ended December 31, 2025, 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, 2025 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, 2025, 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, 2025, 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 2, 2026

Executive Board of PALFINGER AG

Ing. Andreas Klauser e.h.
CEO

Dr. Felix Strohbichler e.h.
CFO

Dr. Alexander Susanek e.h.
COO

Mag. Maria Koller e.h.
CHRO

AUDITOR'S REPORT

We draw attention to the fact that the English translation of this auditor's report according to section 274 UGB (Austrian Company Code) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION

We have audited the accompanying consolidated financial statements of PALFINGER AG, Bergheim bei Salzburg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year then ended, and the notes to the consolidated financial statements.

In our opinion, the 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, 2025, and of its financial performance and cash flows for the financial year then ended in accordance with IFRS Accounting Standards published by the International Accounting Standards Board (IASB) as adopted by the EU and the additional regulations of section 245a 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 140,630k (prior year: EUR 140,183k). The goodwill is allocated to the operational segments "sales and service" in the amount of EUR 107,439k (prior year: EUR 107,090k) as well as to the segment "operations" in the amount of EUR 33,191k (prior year: EUR 33,094k). The surplus in the segment "operations" amounts to EUR 77 million, with a need for impairment arising from the sensitivity analysis if certain parameters are changed. 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 111 million. However, in case of a decrease of EBITs by 8.19 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, 2025 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 IFRS Accounting Standards as adopted by the EU 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, on measures taken to eliminate identified threats or on applied 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 3, 2025. We were appointed by the Supervisory Board on May 6, 2025. 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 2, 2026

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 consolidated financial statements together with our auditor's report is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This auditor's report is only applicable to the German English and complete consolidated financial statements with the management report for the Group. For deviating versions, the provisions of section 281 para. 2 UGB apply.

INDEPENDENT ASSURANCE REPORT ON THE LIMITED ASSURANCE ENGAGEMENT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT FOR THE FINANCIAL YEAR 2025

We draw attention to the fact that the English translation of this independent auditor's report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

(Translation)

To
the member of the Management Board
And the members of the Supervisory Board on
PALFINGER AG
Lamprechtshausener Bundesstraße 8
5101 Bergheim bei Salzburg

INDEPENDENT ASSURANCE REPORT

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 of December 31, 2025.

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", 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 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 2025, but does not include the "Consolidated Non-Financial Statement" and our independent assurance report.

Our conclusion on the consolidated sustainability reporting included in the management report for the Group 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 managemet report for the Group 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 management report for the Group 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 management report for the Group 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

Reporting on sustainability aspects according to the ESRS requires using information from the Group's value chain which is accessible only to a limited extent. Therefore, in its materiality assessment and to calculate key performance indicators disclosed in the sustainability reporting, management has to use data and information from third parties as well as make assumptions and estimates. Thus, such key performance indicators are subject to material uncertainties – as described in section BP-2.10 and 11.

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 management report for the Group 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 management report for the Group 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 management report for the Group 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. According to the agreement, in the event of liability, any contributory negligence on the part of the company subject to a limited assurance engagement, its legal representatives and vicarious agents must be taken into account. 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 2, 2026

PwC Wirtschaftsprüfung GmbH

Peter Pessenlehner
Austrian Certified Public Accountant
signed

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board performed the tasks required of it by law and the Articles of Association in the 2025 financial year. It held four ordinary meetings on March 5, June 12, September 29 and 30 as well as December 4 and 5, 2025. Furthermore, a constitutive meeting was held on April 3 and an extraordinary virtual meeting on November 7, 2025. 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, including outside the Supervisory Board meetings.

In addition to current business development, planning, and financial results, the Supervisory Board focussed on the following topics during its meetings in the 2025 financial year: geopolitical and economic conditions, such as economic trends, price developments, and U.S. trade policies; major investment and divestment decisions, strategic projects and partnerships, various development and optimization projects, the “Reach Higher 2030+” Strategy and its strategic programs, the sale of treasury shares through a accelerated private bookbuilding process, and developments in group-wide risk management, including associated economic, technological, ecological, social, legal, and political risks.

Furthermore, in 2025, three Audit Committee meetings were held, at which the Audit Committee focused on the 2025 annual financial statements, the internal control system, risk management, IFRS and accounting issues, internal auditing, sustainability reporting, as well as the supervision of the external audit.

In 2025, the Nomination Committee held two meetings, primarily focusing on the collaboration and working methods of the Executive Board, as well as issues related to the appointment and succession planning within the Supervisory Board meeting.

The Compensation Committee held one meeting in 2025, focusing on the compensation of the Executive Board members and the preparation of the remuneration report for the 2025 Annual General Meeting.

For further details of the composition and working methods of the Supervisory Board and its committees, please refer to the Corporate Governance Report 2025.

The annual financial statements of PALFINGER AG as of December 31, 2025, and the management report for 2025 pursuant to Section 267a of the Austrian Commercial Code (UGB) were audited by PwC Wirtschaftsprüfung GmbH, including the accounting records. The audit confirmed that the accounting, annual financial statements, and management report of PALFINGER AG comply with legal requirements and the provisions of the Articles of Association. Based on the final results, the audit did not reveal any issues, and an unqualified audit opinion was issued by the auditing firm for 2025. The same applies to the consolidated financial statements for 2025. The consolidated financial statements, prepared in accordance with IFRS as applicable in the EU, were supplemented by the consolidated management report and additional disclosures pursuant to Section 245a of the Austrian Commercial Code (UGB).

The Supervisory Board approved the annual financial statements prepared as of December 31, 2025, including the management report and corporate governance report for the 2025 financial year. The 2025 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 2025 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 2025 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 2025 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 2025 financial year.

Bergheim, March 2, 2026
Hubert Palfinger

GENERAL INFORMATION

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Consulting and Concept

Grayling Austria GmbH
UKcom Finance
Graphic Design

Strichpunkt Design
Translation

Greller-Schweickhardt
Typesetting

in-house, using SmartNotes

The English translation of the PALFINGER Report is for convenience. Only the German text is binding. The rounding of individual items and percentages in this report can lead to minor differences in calculated amounts.

This report contains forward-looking statements made on the basis of all information available at the date of its preparation. These are usually identified by words such as "expect", "plan", "estimate", "believe", etc. Actual outcomes and results may be different from those predicted. Likewise, in some cases, changes in non-financial performance indicators of previous years may result from the application of stricter internal control loops for the purpose of improving data quality.

Published on March 02, 2026

PALFINGER AG
Austria, Bergheim

100 %

Palfinger EMEA GmbH
Austria, Bergheim

65% **EPSILON Kran GmbH**
Austria, Salzburg
35% Steindl Holding GmbH

45% **STEPA Farmkran Gesellschaft m.b.H.**
Austria, Elsbethen
55% STEINDL KRANTECHNIK GmbH

100 % **Palfinger Europe GmbH**
Austria, Salzburg

100 % **Palfinger Lifting Solutions Italy S.r.l.**
Italy, Bozen

100 % **Palfinger Deutschland Beteiligungs GmbH**
Germany, Ganderkesee-Hoykenkamp
85,04% Palfinger EMEA GmbH
14,96% Palfinger Europe GmbH

100 % **Palfinger Tail Lifts GmbH**
Germany, Ganderkesee-Hoykenkamp

100 % **Palfinger Platforms GmbH**
Germany, Löbau

100 % **Palfinger GmbH**
Germany, Ainring

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, Borlänge

100 % **Hinz Fastighets AB**
Sweden, Borlänge

100 % **Handelsbolaget Bunsön 7:1**
Sweden, Borlänge

100 % **Palfinger Tail Lifts Limited**
United Kingdom, Welwyn Garden City

100% **Palfinger Danmark AS**
Denmark, Middelfart

100 % **Palfinger Produktionstechnik Bulgaria EOOD**
Bulgaria, Cherven Bryag

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. Nis**
Serbia, Nis

100 % **Palfinger Poland sp.z.o.o**
Poland, Solec Kujawski

100 % **Palfinger Ibérica Maquinaria, S.L.**
Spain, Madrid

100 % **Palfinger comércio e aluguer de máquinas, S.A.**
Portugal, Samora Correia

100 % **Palfinger Canarias Maquinaria S.L.**
Spain, Las Palmas de Gran Canaria

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.**
Argentina, Río Tercero
30% Familie Bertotto

99,94% **Palfinger Brasil S.A.**
Brazil, Caxias do Sul
0,06% Retail Shareholders

100 % **Palfinger, Inc.**
Canada, Niagara Falls

100 % **Palfinger US Holdings, Inc.**
USA, Schaumburg

100 % **Palfinger Marine USA, LLC**
USA, New Iberia

100% **Palfinger Marine Panama Inc.**
Panama, Panama City

100 % **Palfinger Interlift, LLC**
USA, Cerritos

100 % **Omaha Standard, LLC**
USA, Council Bluffs

100 % **Palfinger USA, LLC**
USA, Tiffin

100 % **Palfinger North America, LLC**
USA, Schaumburg

100 % **Palfinger USA Operations, LLC**
USA, Council Bluffs

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, Taipei City

100 % **Palfinger Marine Australia Pty Ltd.**
Australia, Winthrop

100 % **Palfinger Korea Co., Ltd.**
South Korea, Seongnam-si

Consolidated

Entities measured using equity method accounting and other equity interests

As at December 31, 2025

PALFINGER AG
Austria, Bergheim

- 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
- 100% **PALFINGER Projekt 1 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
- 27,39 % **STRUCINSPECT GmbH** – Austria, Vienna
- 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
  - 100 % **Palfinger Marine Do Brasil Ltda.** – Brazil, Rio de Janeiro
    - 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 Slovakia s.r.o.** – Slovakia, Bratislava
  - 100 % **Palfinger Marine Norway Holding AS** – Norway, Nesttun
    - 40 % **Storm Cranes AS** – Norway, Kristiansund
    - 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 City
      - 100 % **Palfinger Marine Hong Kong Limited** – China, Hongkong
      - 100 % **Palfinger Marine UK Limited** – United Kingdom, Gosport Hampshire
      - 100 % **Palfinger Marine Spain, S.L.** – 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 %* **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, 2025

FINANCIAL CALENDAR 2026

MARCH 04	Balance sheet press conference 2025
APRIL 08	Annual General Meeting
APRIL 10	Ex-dividend date
APRIL 13	Dividend record date
APRIL 15	Dividend payment date
APRIL 28	Publication of results Q1/2026
JULY 28	Publication of results HY/2026
OCTOBER 28	Publication of results Q1-3/2026

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.

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