

REMUNERATION REPORT OF PALFINGER AG FOR THE FISCAL YEAR 2022

I. ECONOMIC DEVELOPMENT AND SIGNIFICANT EVENTS IN THE FISCAL YEAR - FOREWORD BY THE CHAIR OF THE SUPERVISORY BOARD

Despite the continued effects on global supply chains of the zero-Covid policy in China, the start of fiscal year 2022 was characterized by the profound economic upturn of the previous year. The management of PALFINGER AG was expecting a positive market environment in EMEA, NAM and LATAM. The Russian war against Ukraine called all forecasts into question from February 24 and resulted in further market disruptions. In addition to the energy crisis caused by the reduction and suspension of Russian gas supplies, the shortage of semiconductors became much worse. In addition, European truck chassis production collapsed for months due to the loss of Ukrainian cable harness production — which immediately led to increased inventory levels and rising costs at PALFINGER.

In view of the extensive challenges and increasing risks, the management team set up the task forces “Gas Emergency Readiness” and “Supply & Operations Resilience”. The former developed measures for the substitution of gas and for securing energy supplies for production. Together with the purchasing department, the latter successfully secured the supply of electronic components.

The rapidly increasing costs had a negative impact on PALFINGER as early as 2021, as the company was only able to pass on price increases to customers with a significant time delay. To ensure cost accuracy and maximum transparency for everyone involved, PALFINGER developed a dynamic pricing model in 2022. This flexible model is based on the EU-27 “Producer Price Index Manufacture of Lifting and Handling Equipment” (PPI), which is relevant for PALFINGER and is updated monthly. Any change in price reflects the development of the PPI. This minimizes the time lag in cost effectiveness for PALFINGER, and at the same time, customers also benefit directly from cost advantages. The company has therefore created an instrument that will benefit everyone affected over the long term, and which takes effect from 2023.

Thanks to the mix of short, medium and long-term actions, PALFINGER was able to optimize its production capacities in EMEA, maintain its own delivery reliability at a high level and significantly expand production for third parties despite high inventory levels and supply difficulties, with truck chassis for example. As forecast by management, the NAM region proved to be an important growth market. Like the LATAM region, the North American market was barely affected by energy and supply chain difficulties. PALFINGER was able to gain significant market shares in both regions due to its region-specific product and service offerings.

Against this background and also influenced by exchange rate effects, PALFINGER achieved record turnover of EUR 2.2 billion in 2022. (2021: EUR 1.84 billion). At EUR 150.4 million, the operating result (EBIT) was slightly lower than in 2021 (EUR 155.0 million). At 6.76 percent, however, the EBIT margin is significantly below the comparable figure for the same period of the previous year (8.4 percent). The delayed effect of passing on price increases had a direct impact on the consolidated net result of EUR 71.4 million (2021: EUR 86.6 million).

In order to implement the Vision & Strategy 2030, which was formulated back in 2021, quickly and sustainably, PALFINGER's management continued to invest in sustainable structures. Based on the two strategic pillars “Go Digital” and “Go for Solutions,” PALFINGER is driving forward the digitalization of the entire production and value chain, as well as the electrification of its product range and the focus on integrated complete solutions.

PALFINGER has had an excellent start to the new year. Q1 of 2023 is expected to be the best 1st quarter in the company's history. PALFINGER is also aiming for new highs in terms of revenue and EBIT for fiscal year 2023. In 2024, a revenue of EUR 2.5 billion is expected from organic growth.

In the opinion of the Remuneration Committee of PALFINGER AG's Supervisory Board, the remuneration of the members of the Executive Board for the year 2022 is designed to reward the performance of these executives in line with the market and to retain them and ensure a successful future for the company.

Hubert Palfinger, Chair of the Supervisory Board

II. BASIC PRINCIPLES OF THE REMUNERATION POLICY FOR THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

II.1. THE REMUNERATION POLICY

PALFINGER AG's remuneration policy formulates the principles utilized in setting the remuneration of the Executive Board and the Supervisory Board of PALFINGER AG. The remuneration system implements the statutory provisions of the Austrian Stock Corporation Act (Secs. 78 et seq. of the Stock Corporation Act - AktG) and the recommendations of the Austrian Corporate Governance Code (ÖCGK). The remuneration policy pursues the overall goal of fostering sustainable, long-term corporate development.

PALFINGER AG's remuneration policy was approved at the Annual General Meeting held on August 5, 2020 with the consent of 87.16 percent of the 79.58 percent share capital present, i.e. 69.36 percent of the total share capital. The remuneration policy is openly available on the company website (www.palfinger.ag/de/investoren/corporate-governance).

II.2. EXECUTIVE BOARD

The monetary remuneration of the Executive Board has several different components. In addition to fixed remuneration (base salary), there is a short-term variable performance bonus (Short-Term Incentive; STI) and a long-term variable performance bonus (Long-Term Incentive; LTI).

a. Base salary

The base salary is an annual fixed amount, which is paid out in 14 equal installments. The base salary includes payment for all overtime, trips, and travel time. The base salary also covers the assumption of governing body functions in the Group. The base salary is a competitive fixed amount, which covers general assumption of the Executive Board mandate and the related overall responsibility of the individual Executive Board members and provides an incentive for Executive Board members to always act for the benefit of the company and take the interests of shareholders, employees, and the public into account.

b. Short-Term Incentive (STI)

The STI is based on the company's success in the recently ended fiscal year and depends on the Group's EBT as a financial target amount and on non-financial criteria. The weighting between the financial criterion and the non-financial criteria for the STI is in a ratio of 2:1. At the start of the fiscal year, the Remuneration Committee of the Supervisory Board sets a target value and a lower limit for the financial performance criterion for the current fiscal year as the evaluation period, which applies uniformly to all Executive Board members. If the target value is reached or exceeded, a target achievement level of 100 percent applies. The target achievement levels in the in-between areas are distributed along a straight line (linear interpolation). Thus, the STI is limited to 100 percent of the bonus for reaching the target value (both with respect to the financial component and overall). The claim to a bonus, which results from meeting the financial performance criterion, is supplemented by the discretionary component, which is not

restricted to financial criteria. Discretionary performance is evaluated based on the collective performance of the entire Executive Board as well as the individual performance of the particular Executive Board member. With respect to individual performance, incentives can be set for the specific range of duties and departments of the individual Executive Board members, and sustainable, non-financial performance criteria can also be included in variable remuneration.

c. Long-Term Incentive (LTI)

The LTI is performance-based remuneration over a period of several years, which is aimed at providing a long-term incentive. In general, the LTI contract period is five years but can be longer or shorter. The LTI is granted based on target achievement as of the end of the LTI contract period. A financial performance criterion is used exclusively, i.e. Group ROCE. At the start of the LTI contract period, the Remuneration Committee of the Supervisory Board sets an LTI target value as well as upper and lower limits for the LTI financial performance criterion for each individual year of the evaluation period. In general, the evaluation period covers the entire LTI contract period, but it can be a shorter period within the LTI contract period. The LTI follows a savings model [Ansparmodell]. Therefore, an individual target achievement determination is made for each year of the evaluation period. A target achievement level is estimated for each year of the evaluation period, in which the target value is reached or exceeded. If the ROCE in the respective fiscal year is below the lower limit, the target achievement level is 0 percent. If the target value is reached, a target achievement level of 100 percent applies. If the target value is exceeded, a target achievement level of up to 200 percent is applied until the upper limit is reached. The target achievement levels in the in-between areas are distributed along a straight line (linear interpolation). The average of the target achievement levels for the individual years of the evaluation period is determined at the close of the last year of the LTI contract period. The LTI is paid out to Executive Board members in proportion to this average target achievement level. The target achievement level determined in this manner is capped at 100 percent. There is no overall lower limit. The prerequisite for payment of the LTI is Executive Board membership during a reasonable minimum period of years within the LTI contract period. This is a strong incentive for the long-term loyalty and stability of the Executive Board. The retention effect is further increased by savings over several years.

II.3. SUPERVISORY BOARD

The Supervisory Board's remuneration consists of base remuneration for Supervisory Board activities and additional remuneration for Committee membership and an attendance fee for participation in Supervisory Board and Committee meetings.

Due to their more extensive range of duties and greater responsibility, the Chair of the Supervisory Board, the Vice-Chair of the Supervisory Board, the Committee Chairs, certain Committee members, and the financial expert can be granted higher base remuneration than regular Supervisory Board members.

In the Annual General Meeting on April 7, 2021, remuneration of the Supervisory Board for fiscal year 2021 and the following years was revised as follows.

The following basic remuneration is as follows:

- EUR 60,000 for the Chair of the Supervisory Board
- EUR 30,000 for the Vice-Chair
- EUR 18,000 for each member of the Supervisory Board
- EUR 20,000 for the Chair of a permanently established committee (with the exception of the Nomination Committee and the Remuneration Committee) for each mandate Remuneration Committee) per chair mandate
- EUR 2,500 for each committee member per committee mandate

To the extent that members of the Supervisory Board or a committee have not been members of that governing body for the entire fiscal year, the remuneration shall be calculated pro rata (on a monthly basis).

The per-meeting attendance fee for attending meetings is as follows:

- EUR 3,000 (for physical participation in the meeting) or EUR 1,000 (for remote participation in the meeting – by telephone or by Internet or video conferencing) for Supervisory Board meetings
- EUR 1,500 (for physical participation in the meeting) or EUR 500 (for remote participation in the meeting – by telephone or by Internet or video conferencing) for committee meetings

Should members of the Supervisory Board - outside of meetings - travel or perform representative functions on behalf of the Company in exercising their Supervisory Board function, a daily rate of EUR 1,750 was set for these special activities. These activities shall be invoiced on a pro rata basis in half days.

The amounts mentioned above for the attendance fee, basic remuneration and the daily rate for special activities shall be value indexed commencing with the fiscal year 2022 (base figure January 2021) in accordance with the 2020 consumer price index published by Statistik Austria (and, if this is not disclosed, in accordance with any applicable index published after that). The basic remuneration and the attendance fee shall be adjusted for the relevant fiscal year based on the monthly index figure published for January of the fiscal year by Statistik Austria and the base figure for January 2021 or the latest index figure that affected value adjustment.

For the year 2021, remuneration for the Supervisory Board was paid on this basis in 2022.

III. PRESENTATION OF OVERALL REMUNERATION

III.1. EXECUTIVE BOARD

(Values in EUR thousand, unless stated otherwise)	Andreas Klauer			Martin Zehnder			Felix Strohbichler		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Fixed remuneration									
Base salary ¹	590	653	668	451	498	498	402	445	498
Remuneration in kind ²	32	32	43	27	27	24	25	25	22
Subtotal	622	685	711	478	525	522	427	470	520
Variable remuneration									
Annual bonus (STI) ³	308	470	413	279	424	354	230	351	354
Special annual bonus ⁴	0	200	200	0	0	0	0	0	0
Performance-based Long-Term Incentive (LTI) ⁵	1067	743	1203	876	528	821	748	594	1107
Subtotal	1375	1413	1816	1155	952	1175	978	945	1461
Total	1997	2098	2527	1633	1477	1697	1405	1415	1981
Payment of previous year's bonus	454	308	470	414	279	424	339	230	351
Relative proportion of fixed components (in %)	31	33	28	29	36	31	30	33	26
Relative proportion of variable components (in %)	69	67	71	71	64	69	70	67	74
Total 2020/2021/2022	5,035/4,990/6,205								

¹ **Base salary:** The base salary is indexed to the CPI. In 2020, the Executive Board issued a voluntary conditional salary waiver of 20% of the monthly salary for the months of April to June 2020. This salary waiver was subject to an agreement of improvement. Since there was an improvement in 2021, the waiver amount withheld was paid out in 2021.

²⁾ **Remuneration in kind:** The non-cash benefits shown relate to the company cars of the members of the Executive Board. These are made available to each member of the Executive Board irrespective of performance and can also be used privately. The values shown are based on a calculation which combines the leasing installments, the fully comprehensive motor vehicle insurance and the running costs for an underlying mileage to form a total cost rate. Furthermore, the costs of accident insurance (2020/2021/2022: EUR 300) are included in the remuneration in kind of the Executive Board members. Martin Zehnder's remuneration in kind also includes the cost of a supplementary health insurance policy (2020/2021/2022: EUR 2 thousand), which is based on a commitment made in 2008.

³⁾ **Annual bonus (STI):** the target **financial performance criterion** for the STI in 2022 was set by the Remuneration Committee in February 2022 as follows:

	Lower limit	Target
EBT margin	5.00%	7.00%
Target achievement level	0%	100%

According to the 2022 financial statements, the EBT margin is 6.0 percent. Using linear interpolation between the lower limit and the target value for the financial performance criterion of the STI (66.67 percent of the STI), it was possible to determine a target achievement level of 50.2 percent for 2022. The company's financial performance in 2022 was impacted by the effects of supply chain challenges (e.g. chip availability) and Russia invading Ukraine with its consequences (e.g. energy availability and price increases). Given the difficult situation from the start, the company was successfully guided through the year by the competent and decisive management of the Executive Board. With a view to ensuring that the remuneration of the Executive Board is in line with the market and to the company retaining the managers, the Remuneration Committee has decided to grant a special bonus in accordance with point I.7 of the Remuneration Policy and to increase the target achievement level in the financial performance criterion from 50.2.% to 70%.

At the beginning of the fiscal year, the Remuneration Committee determined that non-financial criteria from the area of sustainability should also be used to determine the **discretionary component** in 2022. The assessment is based on the three pillars of sustainability (ESG):

- Environment (E): Fewer emissions for positive impact — positive influence on the value chain
- Social (S): Safe & healthy at all levels — qualified & diverse employees
- Governance (G): Committed to our values — focus on governance & transparency

In-line with these priorities, the Executive Board has set numerous significant initiatives in 2022, including:

- **Environment:** In addition to the introduction of annual energy saving audits at EMEA sites, the installation of PV systems at these sites has been intensified. The focus was also on creating reporting structures and processes for sustainability reporting with centralized monitoring of measures.
- **Social:** In the area of occupational safety, an accident reduction program was introduced at EMEA sites which brought about a positive development regarding the accident rate. A broad employer branding campaign led to positive visibility on the labor market and the development of a new diversity strategy is designed contribute to being an attractive employer in the future and to further improve the work environment. A new e-learning tool has been established to expand further education opportunities for employees.
- **Governance:** Ad hoc risks were managed by setting up task forces for Supply & Operations Resilience, Sanctions Development and Gas Emergency Readiness. The new e-learning tool is also used to better systematize and document compliance training.
- The digital product line, which includes future-oriented projects, was launched to strengthen the strategic pillar “Go Digital” and as an investment in new business opportunities. With an R&D expenditure of EUR 79.29 million, an R&D ratio of 3.6% was achieved. Significant sums are spent on future technologies and initiatives, for example in the context of

PALFINGER 21st and the product development program ACES (“Autonomous, Efficient, Connected & Eco-Efficient Solutions”). In addition, with a CAPEX volume of 146 million, significant investments were made in future growth.

In view of this level of performance, in combination with the way the company developed during 2022, the Remuneration Committee has assigned the discretionary component at 100 percent.

Overall, this means that 80 percent (being 70 percent of the financial component and 100 percent of the discretionary component) of the STI will be allocated for 2022. The STI will be paid out in 2023 as follows:

(Values in EUR thousand, unless stated otherwise)	Target bonus	Target 2022	STI 2022
Andreas Klauser	517	80%	414
Martin Zehnder	443	80%	354
Felix Strohbichler	443	80%	354

The annual STI target bonus is value adjusted in line with the CPI.

⁴⁾ **Special annual bonus:** Mr. Klauser was offered a stay bonus of EUR 200,000 in December 2021, in the event that he is available to extend his CEO contract for a further five years. In May 2022, Mr. Klauser expressed his willingness to do so and in June 2022, the Supervisory Board appointed Mr. Klauser as CEO on the Executive Board for a further five years.

⁵⁾ **Long-Term Incentive (LTI):** The LTI contract period runs from 2018 to 2022. The following LTI targets were set (for 2018, 2019, 2020, 2021 and 2022):

	Lower limit	Target	Upper limit
ROCE	6.65%	9.15%	11.65%
Target achievement level	0%	100%	200%

According to the 2022 financial statements, the ROCE for the fiscal year is 9.38 percent. The ROCE therefore exceeds the target and reaches 9.2 percent of the overfulfilment corridor between target and upper limit. This means that the target achievement level of the LTI for 2022 is 109,2 percent.

This results in the following target achievement levels for the members of the Executive Board for the years of the LTI contract period:

	2018	2019	2020	2021	2022
ROCE	8.50%	9.86%	6.86%	11.2%	9.38%
Target achievement level	74%	128.40%	66.67% ¹⁾	182.0%	109.2%

¹⁾ partly as a special bonus

The target amount of the total payout under the LTI 2020 was set at five times the annual remuneration for each individual Executive Board member. “Annual remuneration” means the annual fixed salary plus bonus (STI - Short Time Incentive), but excluding other remuneration components (e.g. company car or other remuneration in kind), where the average of the years 2020 to 2022 is to be used.

The local gross annual remuneration is used for the calculation based on the individual employment contracts. For the purposes of the calculation, a notional target achievement of 100 percent of the bonus (STI - Short Time Incentive) is assumed.

At the end of fiscal year 2022, the LTI contract period ends. The overall fulfilment of the LTI is calculated on the basis of the averages of the target achievements in the years 2018 to 2022. The overall fulfilment is capped at 100%.

Mathematically, this results in an overall degree of fulfilment of 112%, which means that the cap of 100% applies.

For the purposes of this presentation for the years 2020 and 2021, IFRS provision logic is applied. The provision is based on the assumption of an average target achievement level of 100 percent (at the end of the LTI contract period). This is because over-achievement is possible in individual years (achievement level of up to 200 percent of target), and under-achievement (such as in 2018 and 2020) can thus be compensated for in subsequent years. The allocation of the provision is based on a forecast calculation relating to the increase in basic remuneration and non-wage costs. The forecast has now been made more precise in the year based on actual values. The allocation in 2021 was therefore lower than in the years 2018 to 2020.

(Value in EUR thousand)	Accumulated allocation LTI (2018 to 2020)	Accumulated allocation LTI (2018 to 2021)	Payout sum LTI (to be paid out in 2023)
Andreas Klauser	3,557	4,301	5,543
Martin Zehnder	2,559	3,087	3,936
Felix Strohbichler	2,739	3,333	4,472

The accumulated allocation and the payout sum for Andreas Klauser takes into account an agreement according to which, in view of his appointment to the Executive Board during the year, he is entitled to a pro rata amount of 7/12 of the LTI for the 2018 financial year in the first year of the LTI agreement period (starting June 1, 2018).

The accumulated allocation and the payout sum for Martin Zehnder takes into account an agreement that he will not receive a quota-based LTI for 2018 because Martin Zehnder (who has been a member of the Executive Board since 2008) received a payout for 2018 from a previous program. Consequently, there is no allocation for 2018.

Insurance

The Executive Board members have health, accident, and retirement insurance under the Austrian social security system. The social security contributions are divided between the Executive Board members and the company in accordance with the applicable statutory key, and the company pays its statutory contribution to an employee pension fund.

In addition to the insurance policies reported under remuneration in kind, the members of PALFINGER AG's Executive Board are also covered by a Group-wide "Directors & Officers" (D&O) insurance policy taken out for a group of executives and managers.

Termination of contract and severance pay

The requirements set out in C Rule 27a of the Austrian Corporate Governance Code (ÖCGK) in the event of a premature termination of the contract have been taken into account.

If an Executive Board member is removed by the Supervisory Board early in accordance with Sec. 75 of the Stock Corporation Act and there is no ground for dismissal under Sec. 27 of the Austrian Salaried Employee Act (AngG), the company can dissolve the employment contract in compliance with a termination notice period. The termination notice period shall be 24 months (unless the employment contract expires sooner). In this case, the member of the Executive Board shall also be entitled to terminate the contract. Notice periods ranging between 6 and 24 months must be observed.

Former members of the Executive Board

Manfred Kreibich (member of the Executive Board from 1988 to 1997) received a company pension of EUR 15 thousand in 2022 (2020, 2021: each EUR 15 thousand). This is based on a pension commitment from 1997.

III.2. SUPERVISORY BOARD

2019 ¹⁾ (Value in EUR thousand)	Hubert Palfinger	Hannes Palfinger	Gerhard Rauch	Hannes Bogner	Heinrich Dieter Kiener	Ellyn Shenglin Cai		
Basic remuneration (incl. committees)	53	27	27	22	7	0		
Attendance fee (incl. committees)	11	11	11	11	6	0		
Total remuneration	64	38	38	33	13	0		
Total			186					

2020 ²⁾ (Value in EUR thousand)	Hubert Palfinger	Hannes Palfinger	Gerhard Rauch	Hannes Bogner	Isabel Diaz Rohr	Heinrich Dieter Kiener	Ellyn Shenglin Cai	
Basic remuneration (incl. committees)	58	33	33	35	6	15	0	
Attendance fee (incl. committees)	21	21	16	16	4	7	0	
Total remuneration	79	54	49	51	10	22	0	
Total			265					

2021 ³⁾ (Value in EUR thousand)	Hubert Palfinger	Hannes Palfinger	Gerhard Rauch	Hannes Bogner	Isabel Diaz Rohr	Heinrich Dieter Kiener	Ellyn Shenglin Cai	Sita Mazumder
Basic remuneration (incl. committees)	88	43	38	38	23	5	0	29
Attendance fee (incl. committees)	28	29	8	13	11	1	0	9
Total remuneration	116	72	46	51	34	6	0	38
Total			362					

2022 ⁴⁾ (Value in EUR thousand)	Hubert Palfinger ⁵⁾	Hannes Palfinger ⁶⁾	Gerhard Rauch ⁷⁾	Hannes Bogner ⁸⁾	Isabel Diaz Rohr	Ellyn Shenglin Cai ⁹⁾	Sita Mazumder ¹⁰⁾
Basic remuneration (incl. committees)	92	45	39	44	24	0	18
Attendance fee (incl. committees)	34	34	22	23	21	0	40
Total remuneration	126	79	61	67	45	0	58
Total			436				

¹⁾ Remuneration for fiscal year 2019 was paid in 2020.

²⁾ Remuneration for fiscal year 2020 was paid in 2021.

³⁾ Remuneration for fiscal year 2021 was paid in 2022.

⁴⁾ Remuneration for fiscal year 2022 will be paid in 2023.

⁵⁾ Hubert Palfinger is Chair of the Supervisory Board, Chair of the Project Committee, Chair of the Remuneration Committee and Chair of the Nomination Committee.

⁶⁾ Hannes Palfinger is 2nd Vice-Chair of the Supervisory Board.

⁷⁾ Gerhard Rauch is 1st Vice-Chair of the Supervisory Board.

⁸⁾ Hannes Bogner is Chair of the Audit Committee.

⁹⁾ Ellyn Shenglin Cai has not charged any remuneration to date for participation on the Supervisory Board.

¹⁰⁾ Sita Mazumder is Chair of the Digital Committee.

Insurance

The members of PALFINGER AG's Supervisory Board are also covered by a Group-wide "Directors & Officers" (D&O) insurance policy taken out for a group of executives and managers.

Former members of the Supervisory Board

Alexander Exner (member of the Supervisory Board from 1996 to 2010) receives a company pension of EUR 66 thousand (2020, 2021: each EUR 57 thousand) per year. This is based on a pension commitment from 1997.

IV. INFORMATION ON SHARE-BASED REMUNERATION

No share-based remuneration is applied.

V. OTHER INFORMATION AND NOTES

The annual change in total remuneration, the company's economic performance and the average remuneration of the company's other employees are as follows:

Annual change in %	2020 compared to 2019		2021 compared to 2020		2022 compared to 2021	
	with LTI	without LTI	with LTI	without LTI	with LTI	without LTI
Remuneration of the Executive Board¹⁾						
Andreas Klauser	-7.5%	-15.3%	5.06%	45.70%	20.45%	-2.29%
Martin Zehnder	-7.9%	-15.6%	-5.82%	25.36%	14.90%	-7.69%
Felix Strohbichler	-8.3%	-16.6%	-3.63%	24.96%	40.00%	6.46%
Total	-7.9%	-15.8%	-0.89%	33.32%	24.29%	-1.63%
Company success²⁾						
EBT		-36.1%		54.60%		-6.91%
ROCE		-30.4%		76.80%		-16.1%
Average remuneration full-time equivalent³⁾						
Employees of the PALFINGER Group, worldwide		-11.9%		18.20%		5.78%
Employees of the PALFINGER Group, in Austria (taking into account the short-time work allowance)		16.2 (-7.5%)		29.85% (17.55%)		-0.99% (-)

¹⁾ The actual LTI payout amount is determined at the end of the LTI contract period. This presentation of the LTI is based on the assumption of an average target achievement level of 100 percent at the end of the LTI contractual period. Fluctuations in the LTI target achievement level during individual years are smoothed out in this method of presentation. Alternatively, applying the actual LTI allocation, with annual over-achievements and under-achievements, would lead to the presentation of disproportionate fluctuations, which may not materialize at the end of the LTI contract period because of the overall cap of 100 percent. In order to ensure a better comparison and to adjust the presentation for the smoothing effect of the LTI component, the change without inclusion of the LTI is also shown as an alternative.

²⁾ For the purposes of this remuneration report, economic performance is reported on the basis of Group EBT (Earnings Before Tax) and Group ROCE (Return on Capital Employed). These are also the financial indicators that apply in the context of the variable components of Executive Board remuneration (i.e. STI and LTI).

³⁾ The average remuneration relates to full-time employees in the PALFINGER Group worldwide (2019/2020/2021/2022: approx. 10,800/10,800/11,100/11,800 people) and in Austria (2019/2020/2021/2022: approx. 1,900/2,000/2,100/2,400 people), each without Executive Board. This is based on an average number of employees over the annual period. Short-time work (especially in Austria) had an affect in 2020, in the form of a subsidy paid to the company to reduce personnel expenses and in turn the average values used as a basis; although, the wages and salaries paid to employees were higher. For comparison purposes, the figure adjusted for short-time work allowance is also presented separately in 2021. From 2022, this presentation method is no longer applicable.

Bergheim, February 23, 2023

For the Supervisory Board

[signed]

Hubert Palfinger
Chair of the Supervisory Board

The Executive Board

[signed]

Andreas Klauser
Chief Executive Officer

[signed]

Martin Zehnder
Chief Operating and Chief Technology
Officer

[signed]

Felix Strohbichler
Chief Financial Officer