

REPORT OF THE SUPERVISORY BOARD

In fiscal year 2020, the Supervisory Board performed all duties assigned to it by law and by the company's Articles of Association. Four Supervisory Board meetings were held on February 18, June 8, September 29, and December 14, 2020, and attended by the Executive Board. Moreover, the Executive Board informed the Supervisory Board regularly, both in writing and verbally, about the course of business and the position of the company and of the Group companies. The Chair of the Supervisory Board was in regular contact with the Executive Board - including outside the Supervisory Board meetings - to discuss the company's strategy, business development and risk situation.

In addition to current developments and planning, the Supervisory Board dealt with the following key issues during the fiscal year 2020: the effects of the COVID-19 and the actions implemented by the Executive Board, the strategy in the individual segments, product lines and regions, the organizational changes and ongoing developments in the course of implementing the GPO, the evolution of the distribution network, major investment decisions, the collaboration with Sany and the possibility of a reversal of the cross-holding, the developments in Group-wide risk management as well as concomitant economic, ecological and social risks.

In addition, four Audit Committee meetings were held in 2020, at which the Audit Committee focused on the implementation of a procedure for the selection of a new auditor, the 2019 annual financial statements, the internal control system, risk management, IFRS and reporting topics, the internal audit and cooperation with the auditor.

The Nomination Committee discussed the following topics in particular: the collaboration and working methods of the Executive Board, nominations for the appointment of an additional member and the appointment of a member to fill a vacancy made available during the Annual General Meeting 2020.

In 2020, the Remuneration Committee focused on the preparation of the Remuneration Policy, the Remuneration Report, the remuneration of the members of the Executive Board and the revision of a long-term incentive program for the management team.

For details of the members and working methods of the Supervisory Board and its committees, please refer to Corporate Governance Report 2020.

PALFINGER AG's financial statements for the year ended December 31, 2020, and the 2020 management report including the non-financial explanations according to section 267a UGB were audited by PwC Wirtschaftsprüfung GmbH. The audit revealed that the accounting records, the financial statements, and the management report of PALFINGER AG comply with the applicable legal regulations and the provisions of the Articles of Association. The final findings of the audit did not give rise to any objections, thus allowing an unqualified auditor's opinion to be issued for 2020. The same applies to the 2020 consolidated financial statements. The consolidated financial statements prepared in accordance with IFRS (as adopted by the European Union) were supplemented by the Group management report and additional information in accordance with section 245a of the Austrian Commercial Code (UGB).

The Supervisory Board has approved the financial statements for the year ended December 31, 2020, including the management report and corporate governance report for fiscal year 2020. The 2020 financial statements of PALFINGER AG are therefore adopted in accordance with section 96 (4) of the Austrian Stock Corporation Act (AktG). The Supervisory Board has approved the consolidated financial statements and the Group management report for 2020 prepared in accordance with section 244 et seq. of the Austrian Commercial Code (UGB). The Supervisory Board has evaluated and approved the proposal of the Executive Board with respect to the distribution of profits for fiscal year 2020.

The evaluation of the company's compliance with the rules of the Austrian Corporate Governance Code in fiscal year 2020 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.

The Supervisory Board would like to express its thanks and recognition to the members of the Executive Board and all employees of PALFINGER for their outstanding commitment and excellent achievements in fiscal year 2020.

Bergheim, Thursday, February 25, 2021

Hubert Palfinger

