

REPORT OF THE SUPERVISORY BOARD

In line with the requirements set out in the law and the Articles of Association the Supervisory Board performed its duties in fiscal year 2021 and held a constituent meeting on April 7, 2021, as well as four further meetings on February 25, June 7, September 27, and December 13, 2021, with the participation of the Executive Board. In addition, the Executive Board provided the Supervisory Board with regular written and verbal reports on the course of business and the situation of the company and the group companies. The Chairman of the Supervisory Board was in regular contact with the Executive Board - also apart from the Supervisory Board meetings - and thereby discussed the strategy, business development and risk situation of the company.

Besides the current development and planning, the Supervisory Board addressed the effects of the challenging economic conditions in connection with Covid-19 and the difficult situation on the procurement markets, the cyber-attack in January 2021, the dissolution of the cross-shareholding with SANY, major investment decisions and other acquisition, integration, restructuring and expansion projects, the strategy in the individual segments, the sustainability strategy, developments in group-wide risk management and the associated economic, environmental and social risks in the 2021 financial year.

Furthermore, three meetings of the Audit Committee were held in 2021, in which the Audit Committee focused on the annual financial statements for 2021, the internal control system, risk management, IFRS and accounting topics, Internal Audit and the cooperation with the auditor.

In the Nomination Committee, the following topics were discussed in particular in two meetings in 2021: the collaboration and working methods of the Executive Board, the extension of Dr. Strohbichler's Executive Board mandate, and the nomination to fill a vacant Supervisory Board mandate at the 2021 Annual General Meeting.

The Compensation Committee held two meetings in 2021, focusing on the compensation of the Executive Board members, the preparation of the compensation report, and the extension of Dr. Strohbichler's Executive Board contract.

A new project committee began its work in June 2021. It is entrusted with the in-depth analysis of research and development projects and the preparation of related reporting and resolution items for the Supervisory Board.

In addition, a new Digital Committee was also constituted in June 2021. It deals in depth with digital technologies and the preparation of related reporting and resolution items for the Supervisory Board.

Ms. Cai did not attend any of the five meetings of the Supervisory Board. However, this in no way impaired the functioning of the Supervisory Board. Ms. Cai did not receive any Supervisory Board remuneration.

For further details on the members and working methods of the Supervisory Board and its committees, please refer to the Corporate Governance Report 2021.

The annual financial statements of PALFINGER AG as of December 31, 2021 and the management report for 2021, including the non-financial statement pursuant to section 267a of the Austrian Commercial Code (UGB), including the accounting records, were audited by PwC Wirtschaftsprüfung GmbH. The audit revealed that the accounting records, the annual financial statements, and the management report of PALFINGER AG comply with the statutory provisions and the provisions of the Articles of Association. According to its concluding findings, the audit did not give rise to any objections, thus allowing for the issuance of an unqualified audit opinion by the auditor for 2021. The same applies for the 2021 consolidated financial statements. The consolidated financial statements prepared in accordance with IFRS (as adopted by the EU) were supplemented by the Group management report and further explanatory notes in accordance with § 245a of the Austrian Commercial Code (UGB).

The Supervisory Board approved the annual financial statements for the year ended December 31, 2021, including the management report and the corporate governance report for the 2021 fiscal year. The 2021 annual financial statements of PALFINGER AG have thus been 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 2021 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 regarding the distribution of profits for the fiscal year 2021.

The evaluation of the company's compliance with the rules of the Austrian Corporate Governance Code in the 2021 financial year 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 refer to 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 employees of PALFINGER for their great commitment and outstanding performance in the 2021 financial year.

Bergheim, February 23, 2022

Hubert Palfinger