Annual Report 2023

CONTENTS

KEY FIGURES OF THE PALFINGER GROUP

EUR thousand	2019	2020	2021	2022	2023
Income statement					
Revenue	1,753,849	1,533,864	1,841,533	2,226,241	2,445,852
EBITDA	223,643	188,664	243,702	229,555	302,873
EBITDA margin	12.8%	12.3%	13.2%	10.3%	12.4%
EBIT	149,015	100,288	155,023	150,399	210,195
EBIT margin	8.5%	6.5%	8.4%	6.8%	8.6%
Earnings before income tax	133,124	85,095	143,602	133,682	173,370
Consolidated net result	80,028	49,789	86,563	71,372	107,673
Balance sheet					
Net working capital (average)	352,681	348,278	361,991	423,408	489,540
Capital employed (average)	1,113,102	1,084,139	1,051,982	1,187,463	1,334,080
Equity	629,092	616,449	613,857	674,873	715,517
Equity ratio	38.3%	39.6%	36.3%	34.5%	34.7%
Net debt	525,647	397,088	476,569	609,627	668,083
Gearing	83.6%	64.4%	77.6%	90.3%	93.4%
Cash flows and investments					
Cash flows from operating activities	156,031	224,669	87,408	46,148	186,661
Free cash flow	112,355	173,319	(42,097)	(29,443)	46,521
Net investments[1)]	90,846	68,171	121,820	129,038	173,539
Depreciation, amortization and impairment	74,628	88,376	88,679	79,156	92,678
Value creation					
ROCE	9.9%	6.9%	11.2%	9.4%	11.5%
ROE	16.5%	10.1%	17.6%	15.4%	18.1%
EVA	43,391	10,776	51,623	45,492	74,288
WACC	6.0%	5.9%	6.3%	5.6%	6.0%
Employees					
Number of employees[2)]	11,126	10,824	11,733	12,210	12,728
Percentage of women	13.6%	13.7%	13.3%	13.6%	12.9%
Employee turnover	16.8%	14.7%	17.1%	16.5%	15.5%
Environment					
CO2 emissions from production in tonnes	36,588	30,796	31,204	31,758	31,913
Direct emissions from combustibles and fuels (Scope 1)	20,168	18,419	20,160	18,850	19,019
Indirect emissions from electricity and purchased energy sources (Scope 2)	16,421	12,377	11,044	12,908	12,894
Share					
Market capitalization[4)]	1,099,603	973,665	1,293,208	889,081	947,350
Price as at year-end (EUR)	29.25	25.90	34.40	23.65	25.20
Earnings per share (EUR)	2.13	1.32	2.31	2.05	3.10
Dividend per share (EUR)	0.35	0.45	0.77	0.77	1.05[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.

PALFINGER at a Glance

The PALFINGER Group

Headquarter 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**

EUR 2,446 million in revenue

85 Companies

12,728 Employees

33 Countries

30 Production & assembly locations

Sales and service network

≈ 5,000 Service centres

>130 Countries

≈ 200 Independent general importers

Product Solutions

LOADER CRANES

TIMBER/ RECYCLING

HOOKLIFTS & SKIPLOADERS

TAIL LIFTS

TURNKEY SOLUTIONS

PASSENGER SYSTEMS

ACCESS PLATFORMS

TRUCK MOUNTED FORKLIFTS

RAILWAY SYSTEMS

DIGITAL SOLUTIONS

MARINE CRANES

OFFSHORE CRANES

WIND CRANES

DAVITS

BOATS

WINCHES

Significant Events 2023

Opening of PALFINGER CAMPUS and World

PALFINGER opened the PALFINGER Campus, its central training and further education center. PALFINGER World allows visitors, partners and customers to experience the product range interactively alongside state-of-the-art conference and event rooms over an area of 1,600 square meters.

Focus on NAM

PALFINGER opened its new regional headquarters in Schaumburg, USA. The ultra-modern complex close to Chicago includes an integrated demonstration and training center. The focus on the NAM region was underlined by participation in CONEXPO in Las Vegas, USA, America's largest construction machinery trade fair.

Change of board

Martin Zehnder who, as Chief Operating Officer (COO), was responsible for research and development, production, purchasing and supply chain management, retired from the Management Board of PALFINGER AG after 15 years. Alexander Susanek took over as COO on July 1st.

Development partnership with Aker BP

As part of a strategic partnership with Aker BP, PALFINGER and Optilift are working on further developing Optilift's innovative technology and integrating it into the control systems of offshore cranes. Optilift offers a comprehensive range of digitalized solutions that increase safety and efficiency in onshore and offshore lifting and cargo handling. This technological development and qualification process will continue until the product is ready for the market and the planned start of production of Aker BP systems in 2027.

Strategic partnership with Steyr Automotive

Additional production capacity was created by outsourcing assembly for the first time. As of this year, the assembly of truck-mounted forklifts for the North American market has been carried out by the strategic partner Steyr Automotive.

Letter from the Executive Board

Dear readers,

In many aspects, 2023 presented significant challenges. However, it marked a milestone of which we can be proud. Despite persistent inflation, high interest rates and a rapidly deteriorating economic environment, especially in EMEA, PALFINGER achieved its most successful financial year with record sales of EUR 2.45 billion, a record EBIT of EUR 210.2 million and the highest EBIT margin since 2008. As a result, a record dividend can be expected.

As well as achieving a historic result, 2023 also involved extensive preparations for the forthcoming year, which currently is characterized by the prevailing economic challenges in Europe. Bearing this in mind, we continued to drive forward the execution of Strategy 2030 and fine-tuned our organizational framework to enhance efficiency. This strategic optimization aims to ensure our readiness for anticipated challenges and the ability to swiftly and effectively respond to unexpected events.

This is evident in the investments we have dedicated to shaping PALFINGER's future. The PALFINGER Campus in Lengau now serves as a comprehensive training and continuing education center accessible to all employees. Additionally, in Lengau, the interactive PALFINGER World allows customers, partners, and visitors to experience our products and solutions firsthand, providing valuable insights into PALFINGER's manufacturing expertise. The recently established regional headquarters in Schaumburg, USA, enhances customer proximity for North American operations. This expansion significantly boosts PALFINGER's presence in the second most important market. Furthermore, the start of the construction of our new facility in Niš, Serbia, marks a substantial expansion of our European production network. This new location offers appealing cost advantages and access to a skilled workforce. In addition, we have consolidated our technology and manufacturing capabilities for aerial working platforms in Löbau, creating optimal conditions for expanding this product line into another key pillar of PALFINGER's portfolio.

There have been modifications to the Executive Board: Since July 2023, Alexander Susanek has been driving PALFINGER's ongoing transformation process forward as Chief Operation Officer (COO) together with the entire Executive Board. Maria Koller has been responsible as Chief Human Resources Officer (CHRO) for HR and legal affairs since January 2024 and is focusing on positioning our company as an attractive and competitive employer.

Our focus in the coming months will be on further increasing the company's resilience and, at the same time, consistently implementing our strategy. The primary focus lies in optimizing working capital, stringent investment management and targeted cost reduction. On this basis, we are sticking to our medium-term financial targets for 2027 with sales of EUR 3 billion, an ROCE of 12 percent and an EBIT margin of 10 percent.

Together with our employees, customers, partners and investors we generate added value every day.
Thank you for joining us on this journey.

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 2023 share price up by 6.55 percent (ATX: +9.87 percent)**
- **Dividend of EUR 1.05 per share will be proposed to the Annual General Meeting on April 10, 2024**
- **2,828,516 pieces of own shares**

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

Throughout the year, the Executive Board and the Investor Relations team provided investors and analysts with extensive information on business performance via calls, and physical and digital roadshows. Numerous other personal meetings and investor conferences rounded off IR activities in 2023. PALFINGER also used the stock exchange information days to report on developments in the business. In addition, PALFINGER was represented at the following events: Invest in Stuttgart, Börsentag München, Gewinnmesse in Vienna and at the "Geldtag" of Oberösterreichische Nachrichten in Linz where questions from numerous private shareholders were answered.

The PALFINGER Capital Markets Day took place on November 9, 2023, at PALFINGER World in Lengau, Austria. Here, at our largest plant, participants were given exclusive insights behind the scenes at PALFINGER. In addition to a plant tour and product presentations, the investor representatives and analysts could listen to presentations by PALFINGER's Executive Board and top management, gain interesting insights and ask detailed questions.

PALFINGER SHARES

PALFINGER AG's shares are listed on the prime market on the Vienna Stock Exchange. In Germany, they are traded over the counter in Frankfurt, Stuttgart, Berlin, Munich and Dusseldorf. PALFINGER shares are included in the ATX Prime and ATX Global Players indices as well as in the Austrian sustainability index VÖNIX. PALFINGER AG shares have been included in the MSCI Global Small Cap Index since 2018.

On the stock market, 2023 was characterized by the pronounced volatility of individual markets. High inflation quickly put an end to early price gains resulting from anticipation of a recovery in the Chinese economy following the end of Covid-19 restrictions. Increases in the central banks' base rates significantly dampened economic growth. In addition, Russia's ongoing war in Ukraine dampened the mood. Measures taken by the central banks to curb inflation proved successful in the middle of the year and the mood turned again. As a result, even the resurgence of the Middle East conflict did not stand in the way of a year-end rally on the stock markets.

The PALFINGER share started well in 2023 with an opening price of EUR 23.65 and reached its high for the year of EUR 32.85 on March 7, 2023. Uncertainties in the construction industry and the declining expectations for 2024 resulted in PALFINGER's share price falling significantly from the beginning of April. The PALFINGER share price remained stable at around EUR 28.00 until the end of the first half of 2023. In the second half of the year, the uncertain outlook for the European construction industry for 2024 shaped further share price performance. The lowest price of EUR 19.92 was recorded on October 25, 2023. The share price rose again following the Capital Markets Day on November 9, 2023, and benefited from both the year-end rally and the more positive market assessments by central banks and analysts.

The PALFINGER share closed the stock market year at EUR 25.20 on December 29, 2023. This corresponds to a price gain of 6.55 percent over the year. In comparison, the ATX ended the year up by 9.87 percent.

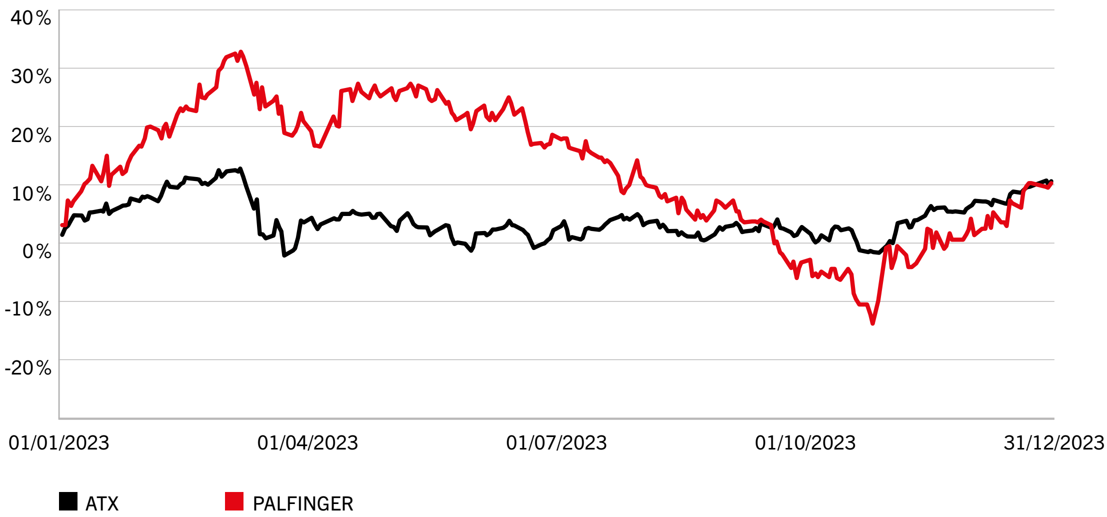
Shareholder information as at 31 December 2023

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

EUR	2021	2022	2023
Low	25.60	18.78	19.92
High	40.00	35.50	32.85
Average exchange rate	35.38	24.94	26.44
Price at year-end	34.40	23.65	25.20
Earnings per Share[1)]	2.31	2.05	3.10
Operating cash flows per share[1)]	2.53	1.33	5.37
Dividend per share	0.77	0.77	1.05[2)]
Dividend yield in relation to the average share price	2.2%	3.1%	4.0%
Market capitalization as at year-end (EUR million)[3)]	1,293.21	889.08	947.35

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

SHARE PRICE DEVELOPMENT IN 2023



RESEARCH REPORTS

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

ANALYSES

As of December 31, 2023, seven analysts covered PALFINGER AG shares. At the end of the year, the analyst consensus on the price target was EUR 30.50. In the course of these analyses, three buy recommendations and four hold recommendations were issued for the PALFINGER share.

RATINGS

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

As in 2022/23, the VÖNIX sustainability index again rated PALFINGER B+ as a sustainable company. The Carbon Disclosure Project (CDP) 2022 survey resulted in a D rating.

GREEN BRANDS confirmed PALFINGER's status as a Green Brand Austria 2022/2023 for the fifth time in a row. PALFINGER is therefore one of the first Austrian companies to be recognized as a GREEN BRAND four times. The award is valid for two years.

DIVIDENDS

PALFINGER AG pursues a continuous dividend policy. Under this policy, approximately one third of annual profit is to be distributed to shareholders. In 2023 the consolidated net profit of PALFINGER AG amounted to EUR 107.7 million. Based on this, the PALFINGER Executive Board and Supervisory Board will propose a dividend of EUR 1.05 (2022: EUR 0.77) per share at the Annual General Meeting on April 10, 2024.

OWNERSHIP STRUCTURE

PALFINGER AG has a stable core shareholder in the Palfinger family, which directly or indirectly holds around 56.4 percent of the shares and is also represented on the Supervisory Board. As a result, PALFINGER now holds 7.5 percent of its own shares. The remaining 36.1 percent of the shares are in free float. To the company's knowledge, private shareholders hold a significant proportion of the free float. The majority of the shares in free float are held by institutional investors, which are primarily located in continental Europe.

Group Manage-ment Report

PALFINGER
Annual Report 2023

GROUP MANAGEMENT REPORT

STRATEGY AND CORPORATE MANAGEMENT

STRATEGY

- **Position as leading supplier for crane and lifting solutions expanded**
- **Implementation of Strategy 2030 driven forward**
- **Focus on financial targets up to 2027**

Vision and Strategy 2030

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

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

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

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

PALFINGER is an extremely stable company with lasting value:

- PALFINGER is positioned as a premium brand.
- PALFINGER is the world's no. 1 for loader, timber and recycling cranes, and lifting solutions in the rail sector.
- PALFINGER is among the top 3 in almost all target markets.
- PALFINGER, is a global player, selling products to more than 130 countries. The company demonstrates genuine customer proximity with a network of over 5,000 dealers, distributors and service partners, guaranteeing customer service of the highest quality.
- PALFINGER has a solid balance sheet structure.

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

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

Strategic Pillars

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

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

2. One-stop shop for our customers: In addition to the product business, PALFINGER also offers turnkey solutions from its own assembly workshops. Customers and partners benefit above all from the immediate availability of the devices.

3. Digital Customer Journey: Digital tools help target any gaps along the customer journey and support customer contact points, maximizing the efficiency of solutions.

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

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

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

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

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

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

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

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

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

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

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

Business models

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

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

STRATEGIC OBJECTIVES

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

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

Financial targets

Organic growth: PALFINGER continues to steadily pursue its growth course. Despite the current weak economic development in the core region EMEA, PALFINGER remains committed to its financial targets: Sales are expected to increase organically to EUR 3.0 billion by 2027, regardless of developments in the CIS region. A key factor for PALFINGER is above-average growth in the NAM region.

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

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

Non-financial targets

A comprehensive materiality analysis was carried out in 2021 and the sustainability strategy was defined. This is based on environmental, social and governance criteria. With regard to the environment, the focus is on reducing energy consumption and emissions both within the company and along the upstream and downstream value chain. The safety of PALFINGER's products is a central issue for social affairs, as is the health and safety of the company's employees, in addition to training and continuing education, staff turnover, diversity, and staff development. The topic of governance includes anti-corruption and corporate governance objectives. PALFINGER is currently implementing the extended reporting requirements in accordance with the Corporate Sustainability Reporting Directive (CSRD), which will be mandatory from the 2024 reporting year. The results of the double materiality analysis in accordance with CSRD will lead to an update and further development of PALFINGER's sustainability program. Thereby the material topics will be taken into account with regard to the strategic areas of action, programs and objectives in the 2024 financial year.

Implementation of the strategy in 2023

Go for Solutions: The implementation of this strategic pillar required a very high level of investment in technology, customers and employees. The expansion of the Köstendorf Technology Center, Austria, into a global innovation and development center has concentrated technology development at the location. In Köstendorf, for example, core elements such as control, regulation and drive technology are developed uniformly and centrally, and are then used as a uniform platform adapted to specific requirements in the regions.

PALFINGER World in Lengau, Austria, was further expanded for the optimal presentation of solutions, products and the PALFINGER values. It offers interested parties, customers and partners a comprehensive brand and product experience over an area of 1,600 square meters. In addition to personally experiencing products and solutions, factory tours provide insights into manufacturing expertise. Further, state-of-the-art conference and event rooms are available to PALFINGER employees and their guests.

Go Digital: The transformation program to strengthen the digitalization of products, processes and business models was further expanded in 2023. The regular exchange in the Digitalization Committee of the Supervisory Board illustrates the importance of, and support for, digital transformation at all levels.

Security of data availability and cybersecurity along the entire value chain are key prerequisites for implementing the digitalization strategy. This includes an integrated system and application architecture with an intelligent mix of cloud and on-premises systems, which make work possible regardless of location. As in the previous year, the group's processes were further standardized and digitalized (e.g. through the ongoing rollout of SAP S/4 HANA).

Thanks to the strength in innovation and cooperation with selected partners in the field of digitalization, PALFINGER offers its customers smart functions and services along the entire customer journey. Examples include the product configurator, the ‘Smart Control’ digitally supported crane control system, and smart service approaches within the scope of ‘PALFINGER Connected’.

Outlook: Medium-term implementation of the strategy through 2027

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

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

CORPORATE GOVERNANCE

- **Good corporate governance through organizational and procedural measures**
- **Quality organization further optimized**
- **Discontinuation of crisis taskforces**

Structural and process organization

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

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

PALFINGER's process organization clearly defines the competencies and responsibilities for processes within the group. The aim is to continuously standardize, optimize and automate processes and systems. The group-wide rollout of the SAP S/4 HANA ERP system continued. Go-lives took place in Bulgaria, Canada, China, Denmark and Serbia.

With the strategic initiative ‘Lifting Quality’, PALFINGER is increasingly focusing on preventive quality management. The goal is to continue to sustainably increase the quality of all PALFINGER products and solutions. In the medium term, PALFINGER is aiming for multi-site certification with a focus on ISO standards. The transfer process to a central certification company that started in the previous year was continued in 2023. By the end of the year, a total of 13 companies with 24 locations in the EMEA and LATAM regions had been certified.

At PALFINGER, permanently established specialised committees serve as an additional management tool. Defined topics are discussed and decided upon in these interdisciplinary committees. For example, the Sustainability Council develops the sustainability strategy and drives forward corresponding measures within the organisation. The Go Digital Steering Group in turn defines PALFINGER's digital strategy together with the Executive Board, manages the project portfolio, initiates the early evaluation of new technologies and supports the implementation of cross-divisional operational initiatives.

Corporate planning and controlling

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

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

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

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

Risk and crisis management

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

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

In addition, Corporate GRC manages crisis management. PALFINGER defines a crisis as a serious incident with significant potential impact on the company. In crisis situations, the standard organization is replaced by the crisis organization and a crisis task force takes over management in the affected areas. This ensures effective management of the group even in exceptional situations. The declaration of a crisis is the responsibility of the Executive Board, which instructs Corporate GRC to form a crisis task force.

The Supply Chain Resilience and Gas Emergency Readiness crisis task forces were wound up as a result of the significantly improved resource and supply chain situation. The Sanctions Development crisis task force was also wound up as the sanctions environment stabilized. The applicable internal review processes were integrated into the standard organization. The key findings of the crisis task forces are incorporated into the standard organization and processes as part of a continuous improvement process. This further enhances the group's resilience.

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. Corporate GRC ensures the maintenance of the system and supports the global/corporate functions in the development of new group policies. These are published centrally and communicated to employees by Corporate GRC. The respective management is responsible for the content, topicality and implementation of the group policies. Corporate Internal Audit reviews policy design and implementation on a risk-oriented basis.

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

The PALFINGER organization acts in accordance with the principles of the dual-control principle and the separation of functions. 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 are conducted in accordance with a unified Code of Conduct. This defines legal, ethical and moral standards relating to human rights together with business ethics and environmental protection. Employees and business partners, such as suppliers and dealers of PALFINGER, are obliged to act in accordance with the principles of the Code of Conduct. The Code of Conduct is published on PALFINGER's corporate website. The Code of Conduct for some selected topics is specified in additional group policies.

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

PALFINGER defines a multi-level catalog of measures to prevent and detect violations of laws and group policies. An integrity hotline on the corporate website enables named or anonymous reporting of possible violations. Reported violations are evaluated by Corporate GRC and Internal Audit, and potential for improvement is identified. Together, Corporate Internal Audit and the responsible managers define concrete measures to ensure compliance. Implementation of the measures is reviewed by Corporate Internal Audit.

Internal Audits

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

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

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

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

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

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

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

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

FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

- **Record sales and results**
- **Delays and bottlenecks in chassis led to persistently high stock levels**
- **Intensity quotient of greenhouse gas emissions reduced**

PALFINGER strives for long-term profitable growth and measures progress of the group's development over the long term based on financial and non-financial indicators. The increase in value is reflected in revenue and, especially, good profitability despite major challenges. Indicators of medium and long-term success include tied-up capital, employee health and environmentally conscious business practices. The key figures for PALFINGER in 2023 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 2023, sales volumes, driven by price increases and exchange rate effects, increased by 9.9 percent compared to the previous year, which was characterized by the global economic upswing following the first waves of the pandemic. The EBIT margin fell to 8.6 percent as a result of higher costs, which could only be passed on with a delay in the form of price increases due to the high order backlog. Average capital employed increased to EUR 1,334.1 million due to the challenges in the global supply chains and the simultaneously high production volume as well as the extensive investment program. ROCE reached 11.5 percent in the reporting period. Free cash flow in 2023 was EUR 46.5 million following EUR -29.4 million in 2022. The increase in working capital had a negative impact on net financial debt, which therefore increased from EUR 476.6 million in the previous year to EUR 668.1 million in 2023.

In the reporting year, absolute energy consumption was reduced by over 2 percent to 214.3 million kWh (2022: 218.6 million kWh). Internal production-related CO2 emissions (Scope 1 and 2) increased slightly from 31,758 tonnes of CO2e in 2022 to 31.913 tonnes of CO2e in 2023. The intensity quotient of greenhouse gas emissions for Scope 1 and 2 in the 2023 reporting year was 13,048 t CO2e/ EUR billion in sales (2022: 14,266 t CO2e/ EUR billion in sales). The TRIR accident rate increased slightly to 11.55 (2022: 11.36). Staff turnover fell from 16.5 percent in 2022 to 15.5 percent in the 2023 reporting year and was primarily influenced by structural optimisation.

REPORT ON THE DEVELOPMENT OF THE BUSINESS AND THE ECONOMIC SITUATION

MACROECONOMIC CONDITIONS

- **Geopolitical situation had a significant influence on the global economy**
- **1.8 percent increase in global demand for steel**
- **Decline in the inflation rate in the EU**

The global economy was once again confronted by the effects of the ongoing war in Ukraine. The drastic tightening of monetary policy to curb high inflation also created a critical situation. In addition to this, the conflict in the Middle East exacerbated the geopolitical risks. Global economic growth weakened significantly from 3.1 percent in 2022 to 2.1 percent in 2023. A slight recovery in the growth rate to 2.4 percent is expected in 2024.[1]

According to the European Commission, the euro zone achieved a plus of 0.6 percent in 2023 following growth of 3.3 percent in the previous year.[2] Germany recorded a decline of 0.3 percent[3], Austria recorded a decline of 0.5 percent.[4] The USA achieved economic growth of around 2.5 percent. [5]

Average GDP growth in the emerging and developing countries varied. The World Bank put growth within this group at 4.0 percent in 2023. This represents a slight increase compared to 3.7 percent in 2022. India and China stood out as the biggest growth drivers with increases of 6.3 percent and 5.2 percent respectively.[6]

Demand for steel products and steel price trend

Global demand for steel was 1.82 billion tons in 2023, which represents growth of 1.8 percent after demand fell by 3.3 percent in 2022. Demand is expected to reach 1.85 billion tons in 2024, which would represent 1.9 percent growth[7]. According to one forecast, steel demand in the EU-27 and the UK will be around 160 million tonnes in 2024.[8]

The price of steel fluctuates significantly due to supply and demand as well as external factors. In recent years, the Covid-19 pandemic and the war in Ukraine have been the main drivers of developments on the steel market. After reaching a low at the end of 2022, steel prices rose slightly at the beginning of 2023 and reached around EUR 900 per tonne in April. A reversal set in at the beginning of May when prices fell and then stabilized.[9]

Iron ore was quoted at around USD 137 per tonne in December 2023, an increase of 23 percent compared to December 2022 (USD 111 per tonne). The increase was mainly recorded in the last quarter of 2023.[10]

[1] Global Economic Prospects -- January 2024 (worldbank.org)
[2] https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/euro-area_en
[3] https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/germany/economic-forecast-germany_en
[4] https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/austria/economic-forecast-austria_en
[5] https://www.conference-board.org/research/us-forecast
[6] Global Economic Prospects -- January 2024 (worldbank.org)
[7] https://worldsteel.org/media-centre/press-releases/2023/worldsteel-short-range-outlook-october-2023/
[8] https://de.statista.com/statistik/daten/studie/164899/umfrage/prognose-zur-stahlnachfrage-weltweit/
[9] https://jactio.com/stahlpreisentwicklung-aktuell/
[10] https://openknowledge.worldbank.org/server/api/core/bitstreams/27189ca2-d947-4ca2-8e3f-a36b3b5bf4ba/content and https://www.worldbank.org/en/research/commodity-markets

Foreign exchange and inflation

PALFINGER's global business activities result in payment flows in various currencies. The US dollar had the greatest impact on PALFINGER's business development. For example, the price of steel on the London Metal Exchange is quoted in USD. In addition to the purchase prices of primary steel, other essential raw materials are also priced in USD. The USD exchange rate fell again against the euro in the financial year following the significant rise in 2022 and was at the pre-war level of USD 1.11 at the end of December. [11]

The war-related increase in commodity prices and the resulting price pressure caused a global increase in inflation in 2022. Inflation stabilized at a high level at the beginning of 2023.[12] However, a clear downward trend became apparent over the course of the year. In the eurozone, average inflation in 2023 was 5.7 percent, compared to just 2.9 percent in December 2023.[13]

As a global company, PALFINGER is affected by global market developments. The rise in interest rates and inflation together with the associated slowdown in economic activity had a particular impact on order intake. Measures were therefore taken to counteract these critical developments. The following report details these effects as well as the business development in 2023.

SALES AND SERVICE

- **Record sales thanks to increased productivity and delivery reliability together with price increases**
- **NAM as a successful growth market**
- **Higher delivery reliability, still high inventories of finished products**

The Global Sales and Service Function is responsible for PALFINGER’S sales and service business and is organized into regions. Sales and Service is headed by a sales and service manager in each region.

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 over 5,000 sales and service partners in more than 130 countries.

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

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

[11] https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-usd.de.html
[12] Global Economic Prospects -- January 2024 (worldbank.org),
[13] https://sdw.ecb.europa.eu/reports.do?node=100000127

Significant events in 2023

2023 started with a solid order book, which from today's perspective offers good predictability to the end of the second quarter of 2024. Persistently high inflation and increasing interest rates suppressed the construction industry and incoming orders, particularly in EMEA. NAM proved to be PALFINGER's most important growth market thanks to the high demand for service cranes, access platforms and truck-mounted forklifts. The Marine business recorded significant growth in the servicing of cruise ships and in the offshore business. While China is hit hard by the consequences of the strained real estate sector, the other APAC countries recorded growth. In LATAM, PALFINGER succeeded in strengthening its market position despite an increasingly difficult environment. Price increases led to sales growth, increased profitability and record sales of EUR 2.45 billion in all regions, with the exception of LATAM.

In highly volatile markets, the service business was a key stabilizing factor. Its role as a globally important earnings driver was confirmed in the 2023 financial year.

In this market environment, PALFINGER was able to significantly improve its delivery reliability, especially in the fourth quarter. However, lack of truck availability and dealers' limited assembly capacities led to high inventories of finished products.

The increased delivery reliability and general stabilization of the markets enabled better planning. As a result, dynamic pricing, an index-based flexible price management system, was adapted and suspended until further notice. However, it continues to serve as a safety net in the event of renewed significant cost fluctuations, based on the producer price index (PPI). A reintroduction is possible if necessary.

The product configurator is being continuously expanded based on the Go Digital strategic pillar, thus ensuring that incoming orders for all product lines in EMEA can be processed through it. A global roll-out is being prepared, which will take place successively with the SAP 4/HANA connection of the individual companies.

Development in the regions

EMEA

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

In 2023, new loader cranes and product enhancements for hookloaders and skiploaders were successfully launched. Good demand at the beginning of the year was followed by a noticeable reduction, particularly in Western and Northern Europe. Inflation, high interest rates and the resulting significant rise in financing costs presented considerable challenges, especially for the construction industry. These general economic issues resulted in a significant decline in orders. Nevertheless, PALFINGER secured major orders in an extremely competitive environment. The Defense Solutions division also recorded a positive development with an increase in orders.

The opening of PALFINGER World, the EMEA Sales Conference and an increased focus on sub-regions helped present all products on an equal level and attain a stronger market presence. In addition, in October a sales and service hub was opened in Dubai, United Arab Emirates.

Due to a stabilized supply chain, component availability improved and delivery times were significantly reduced.

NAM

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

2023 was marked by extraordinary successes in the region: Positive developments in the construction, waste management and infrastructure sectors proved to be driving factors. Sales increased as a result of the improvement in supply chains and the increase in demand for equipment, spare parts and services.

The FHS series of truck-mounted forklifts, which was first launched in 2022 was also in high demand in 2023. The new TEC series of knuckle boom cranes also strengthened the company's competitive position in most parts of the region.

Strategic investments in the expansion and extension of sales and service locations and intensified customer support helped increase our presence in the region. This focus was also reflected in the company's participation in the CONEXPO trade fair in Las Vegas, which is America's largest construction machinery trade fair.

An important milestone was reached in June when the North American headquarters in Schaumburg, USA opened. In addition to regional management, sales and service, and other specialist areas, the headquarters also includes an integrated demo and training center.

LATAM

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

In the second quarter of 2023, the Latin American industrial markets saw a decline in both demand and prices for key export commodities such as copper, zinc, iron ore and ferrous scrap. The main reason for this was the high interest rates. The construction industry and automotive production recorded declines in orders of over 30 percent compared to the previous year. In Argentina, a drought that caused exports of soy to collapse exacerbated the existing challenges. The Argentine peso (ARS) was devalued by more than 150 percent against the USD. By the end of 2023, an inflation rate of above 200 percent was recorded in Argentina.

In this difficult economic environment, PALFINGER succeeded not only in maintaining its market presence but also in expanding its reach. The decline in demand was counteracted with targeted advertising measures focused on the resilient agricultural industry. These initiatives resulted in greater network coverage with sales and service partners.

APAC

The most important industries in the region are construction and infrastructure, transport and logistics, railroads, waste management, agriculture and forestry, together with government organizations. In 2023, PALFINGER became directly active in some markets in addition to the existing dealer structure and successfully entered new markets and customer segments.

With the exception of China, all economic sectors in the region recorded stable growth, which was reflected in increased demand despite inflation and price increases. In particular, sectors such as railroads, infrastructure, logistics, construction, government tenders and waste management experienced a significant upturn.

In its joint venture with Sany, PALFINGER continued to face strong headwinds in China. The economic downturn triggered by the strained real estate sector, low overall demand and the lack of significant investment in infrastructure significantly impacted the world's second largest economy. On the other hand, India proved to be a growth engine for PALFINGER with extensive projects in the railroad, infrastructure and government organization sectors. In South Korea, PALFINGER was awarded significant orders as part of major railroad projects. The waste disposal industry, however, experienced a significant downturn due to high interest rates. In Thailand, PALFINGER successfully completed a major contract from the public sector. In Japan, the stability in the forestry industry ensured good business development, but new regulations in connection with trucks significantly delayed the delivery of these vehicles.

CIS

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

MARINE

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

The ongoing geopolitical tensions led to changes in trade patterns in 2023 and dampened growth in maritime transportation. All other sectors continued to show strong growth. The increased demand for energy security played a key role in this and was particularly evident in the growth of the offshore sector. In addition, digitalization was driven forward due to the need for autonomous systems as well as stricter environmental regulations and the associated fleet renewals.

In this market environment, PALFINGER increased its revenue, particularly from offshore cranes as well as boats and davits, including service. Thanks to additional orders from Japan, the leading position for wind cranes in APAC was extended. Furthermore, PALFINGER won major orders for marine cranes on oil platforms as well as for boats and davits in the cruise segment. The order received from Aker BP in 2022 for the delivery of remote-controlled cranes was expanded in 2023 to include autonomous functions.

Outlook

The volatile conditions are expected to continue in 2024 due to the ongoing economic weakness in Western Europe and the uncertain geopolitical situation. The good order backlog ensures a high degree of predictability until the end of the second quarter. The most important goal is to work together with the dealer network to sustainably reduce inventories and secure incoming orders in a highly competitive environment. NAM and India in particular are characterized by better underlying conditions, which suggest continued strong growth.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

- **Improved delivery reliability**
- **Cost normalization**
- **Strategic partnership in assembly**

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

PALFINGER classifies 700 of its 7,000 suppliers worldwide as strategic partners. Annual requirement plans are drawn up as part of long-term supply contracts. This allows costs to be fixed and future volume requirements, 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 procurement principle "local for local" by using local partnerships preferably with globally operating suppliers.

Significant events in 2023

In EMEA, as in the other regions, the availability of key components stabilized compared to the previous year. Delivery reliability also improved significantly. Disruptions in the supply chain, such as for electronic components, occurred only briefly and were compensated for over the course of the year. The availability of truck chassis was the biggest challenge, especially in NAM.

Thanks to the improved availability, it was possible to significantly reduce stocks of raw materials and components. In particular, safety stocks of sheet steel and steel pipes were targeted for reduction. However, the weak economic trend in the second half of the year, particularly in EMEA, had a dampening effect on production volumes and therefore on the potential for reducing inventories.

The cost situation in 2023 was characterized by opposing trends. High costs still dominated in the first half of the year. As a result, costs for energy and labor-intensive components remained significantly above the long-term average. In addition, the inflation of recent months had a noticeable impact. There were signs of an easing on the market in the second half of the year. In particular, the costs for raw materials, transportation and logistics fell noticeably. At the same time, energy costs also fell and were subject to only minor fluctuations.

PALFINGER consistently pursues a make-or-buy approach with an increasing tendency in the direction of buy. Additional production capacity was created by outsourcing assembly for the first time. As of this year, the assembly of truck-mounted forklifts for the North American market has been carried out by the strategic partner Steyr Automotive. By 2027, 1,700 truck-mounted forklifts should be produced annually.

As in 2022, the “Go Digital” strategic pillar also had a direct impact on how PALFINGER works with its suppliers in 2023. Increased digital system integration with suppliers and the expansion of strategic partnerships result in shorter delivery times, better planning and warehouse management.

Outlook

In 2024, further strategic partnerships will be established, and comprehensive measures will be taken to reduce and optimize inventories. In order to serve the growth in NAM, the supplier base in the region is being systematically developed and expanded.

OPERATIONS

- **High output and increased productivity**
- **Reduction of production backlogs**
- **Optimization of the production network**

Operations is a Global Function responsible for production at PALFINGER. This includes all production plants of the PALFINGER Group and is organized into regions. With over 6,500 employees, more than half of PALFINGER's total workforce is employed in production.

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

The value-added principle "local for local" pushes the production of regional products and solutions close to the customer. In this way, PALFINGER ensures geographical proximity to its customers, benefits optimally from shorter delivery routes and achieves cost advantages in best-cost countries. This also enables a rapid response to changing market volumes.

Significant events in 2023

2023 was characterized by various developments. Thanks to improved supply chain stability and delivery reliability, output in the first half of the year was significantly increased and production backlogs reduced. At the same time, geopolitical and economic developments, coupled with high inflation and interest rates worldwide, presented PALFINGER with considerable challenges. From September onwards, the weakening demand in EMEA and LATAM impacted on production, which led to adjusted capacities sometimes. On a full-year basis, output increased compared to the previous year.

From the crisis-ridden years of the Covid-19 pandemic to Russia's war on Ukraine, the main focus was on coping with the overall challenging environment. As the overall situation stabilized, the focus in the second half of the year was on process optimizations and productivity increases.

PALFINGER Campus, a global training and further education center was established in Lengau to actively counteract the increasingly urgent problem of the shortage of skilled workers. Since opening in the first half of the year, apprentices have been trained in 18 technical and commercial professions.

Based on the strategic pillar “Go Digital” the implementation of various digitalization projects was started. SAP S/4 HANA was introduced in some plants and the roll-out was prepared for other locations.

Development in the regions

EMEA
The plants in the EMEA region are a central element in the global production network. In addition to reducing production backlogs thanks to more stable supply chains, the focus in 2023 was on further optimizing the network.

As part of the optimization process, the shell of the new plant in Niš, Serbia, was completed. The location is characterized by optimal geographical integration into the network and the high availability of qualified employees at an attractive cost level. Welded components will be manufactured here in the future. In addition, a search was launched for a new site for the replacement of the paint plant at the Slovenian plant in Maribor.

Relocating production in a targeted way has eliminated overlapping plant structures in the network. The relocation of the aerial work platform plant in Germany from Krefeld to Löbau was completed. The new site acts as a hub and has the potential to significantly increase the quality and quantity of production. As a further optimization step, the assembly of skiploaders was relocated from France to Poland due to limited capacities and cost advantages. It was also decided to close the plant in Harderwijk, Netherlands.

NAM
Due to growth, the focus in 2023 was on targeted capacity expansion. To this end, various footprint scenarios were created, based on which, change measures were implemented in the plants. The site in Oklahoma City, USA, was optimized as part of the restructuring of the aerial working platform business. At the site in Council Bluffs, USA, the prerequisites for increasing the capacity for superstructures were created. SAP S/4 HANA was implemented at the Niagara Falls plant in Canada.

LATAM
The difficult economic and political conditions in LATAM also had an impact on production. Capacity was adjusted accordingly, especially in Brazil. Internal supply relationships with the production sites in the USA were expanded and the process of standardizing as well as optimizing production at the Rio Tercero plant in Argentina continued.

APAC
The ongoing weak economic development in China resulted in the continuous reduction of capacities at the plant in Rudong, China. The main focus was on stabilizing process capability and product quality. At the same time, SAP S/4 HANA was introduced.

The relocation of boat production from Olve in Norway to Qingdao in China in 2022 led to better capacity utilization thanks to a stable order situation, while also optimizing processes and increasing productivity. This meant that significant cost advantages could be achieved. The production system for boats in Qingdao and in Hanoi, Vietnam, has been optimized with the aim of achieving maximum flexibility.

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

Outlook
PALFINGER continues to focus on optimizing its footprint, processes, and the productivity of plants and product lines, as well as on active capacity management to best compensate for market fluctuations. The focus is on further improving the delivery situation in the plants and thus ensuring stable output. Capacity expansion is being driven forward in NAM.

RESEARCH AND DEVELOPMENT

- **TEC series loader crone rolled out**
- **New range of hooklifts and skiploaders**
- **Further cooperation with Aker BP for offshore cranes**

Research and development contributes significantly to PALFINGER's positioning as a globally innovative technology company. The global function of Product Line Management & Engineering bundles all research and development activities for this purpose and has around 700 employees at 24 locations. Three centers of excellence focus on the areas of System Management & Engineering, Mechatronics and Vehicle Integration. In 2023, PALFINGER spent EUR 95.9 million on research and development (Cash out) (2022: EUR 84.8 million), which corresponds to 3.9 percent of total revenue (2022: 3.8 percent).

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

Significant events in 2023

In 2022, the first machines in the new TEC range of the loader crane product line with the new Paltronic 180 control generation were launched. These include various new assistance functions, such as leveling assistant or crane tip control. In 2023, the entire TEC series was further completed, exemplifying PALFINGER's innovation leadership in the market.

With Generation 3, the forestry and recycling crane product line delivered the first crane generation fully equipped with sensors. This technology enables new functions such as Smart Control, which is an intelligent crane tip control system. Above all, this simplifies controllability for the customer. Thanks to its integrated central lubrication system, Generation 3 also sets new standards in terms of ease of servicing. Smart Control was also developed for two ranges of forwarder cranes.

In 2023, PALFINGER introduced a new range of heavy-duty hookloaders to replace the previous models. The new generation is characterized by a completely new concept for heavy-duty containers. This is capable of transporting containers up to nine meters long and weighing up to 30 tons. New models for the North American market were presented at the Waste Expo in New Orleans, USA. A new generation of skiploaders was also developed for the German and British markets in 2023, featuring a standardized platform, new cab-protection-wall concept and new cover system.

A center of excellence was established to develop a dedicated power and battery pack for all product lines. In future, this will enable the lifting system to be operated without the vehicle engine running. In addition, the power and battery pack reduces CO2 and noise emissions and enables connection to an external power supply.

The “Digital Product Line” complements and expands PALFINGER's existing portfolio with innovative, digital products and services centered around data-driven business models. Based on a deep understanding of customer needs, the Digital Product Line takes on responsibility for the entire digital product lifecycle. Existing digital services and business models were targeted for advancement. P21st continued the strategic partnerships with universities with the aim of establishing collaborations in the field of research and to attract young talent as employees. Through the 2022 established “the HUB Vienna” further talents have been recruited.

Important partnerships with business partners, research institutes, and universities

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

The main partners are the technical universities in Vienna and Graz and the Austrian Institute of Technology (AIT) in Vienna. Current projects with partner institutions include collaboration with students in areas such as digitalization, electrification, mechatronics, mechanical engineering and sustainability, as well as cooperation in the field of automation. Work is being carried out with the Technical University of Munich on a new radio control system that will be characterized by improved user-friendliness.

As part of a strategic partnership with Aker BP and Optilift agreed in 2023, PALFINGER is developing innovative technologies for the remote control and autonomous operation of offshore cranes. The technological development and qualification process should be completed by the time the overall system is ready for the market and the planned start of production of the Aker BP platforms in 2027. In addition to the offshore market, PALFINGER has also secured exclusive rights for use with all PALFINGER products in the marine sector.

To recruit future employees in this area, PALFINGER established the Digital Masterclass in cooperation with universities. Internships and project work are combined with lectures by experts in the fields of computer science, digitalization and software development. Students from the IT environment work in small groups together with experienced professionals on real projects.

Outlook

In line with the overall economic conditions, the focus in 2024 will continue to be on reducing product costs. Additionatlly, it is planned to strengthen the product portfolio, for example in loader cranes.

OTHER SIGNIFICANT CHANGES WITHIN THE PALFINGER GROUP

Changes to the Executive Board

Mr Martin Zehnder resigned from the Executive Board on April 17, 2023. With effect from July 1, 2023, Mr Alexander Susanek was appointed as the Executive Board member responsible for Production and Development. In October 2023, it was announced that Ms Maria Koller had been appointed as the fourth member of the Executive Board responsible for Human Resources and Legal Affairs with effect from January 8, 2024.

Further company law-related changes in the PALFINGER Group

Palfinger Marine Korea Ltd. was liquidated and dissolved with effect from March 31, 2023.

In May 2023, Palfinger GBS Bulgaria EOOD in Sofia, Bulgaria, was founded.

In August 2023, Palfinger Marine Australia Pty Ltd, based in Winthrop, Australia, and Palfinger Interlift LLC, based in Cerritos, CA, USA, were founded.

FINANCIAL PERFORMANCE INDICATORS REPORT

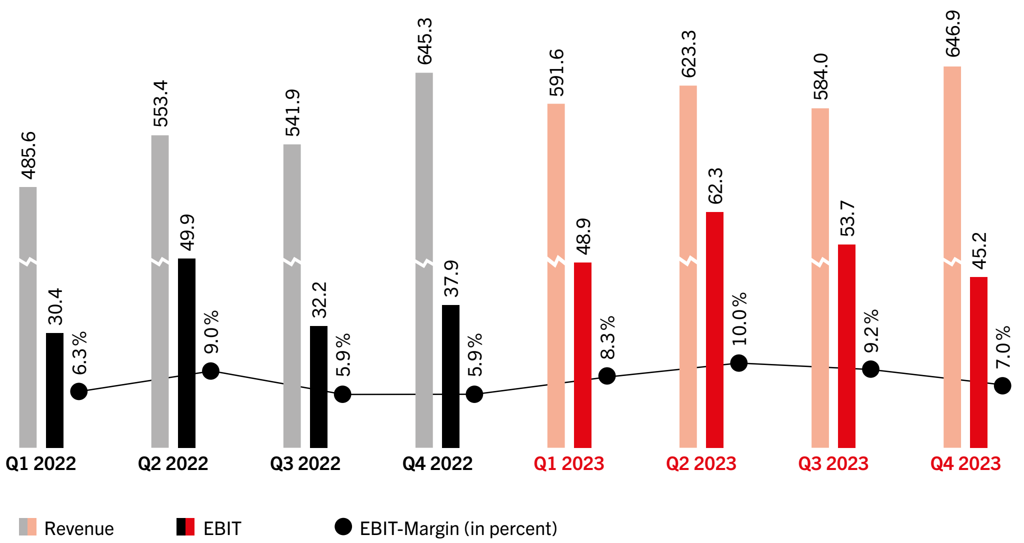
BUSINESS PERFORMANCE 2023

The year 2023 was characterised by persistently high inflation, interest rate hikes and a flattening economic trend, particularly in the EMEA region. Despite these difficult conditions, PALFINGER achieved an absolute record year. This was due to good capacity utilisation at the production plants, flourishing business in the future market of NAM and the effectiveness of the price adjustments implemented last year. The stability of the supply chains and the costs for raw materials and freight also improved. Due to the described effects and a challenging economic field, record sales of EUR 2,445.9 million were achieved. Compared with 2022 sales of EUR 2,226.2 million, this represents an increase of 9.9 percent. This was mainly due to price increases and the growth within the regions NAM, APAC and the marine business.

Incoming orders fell significantly over the course of the year due to the difficult economic environment, particularly in the EMEA region. Nevertheless, an order backlog was generated that offers good planning certainty until the end of Q2 2024.

The profitability of PALFINGER's operating business increased to EUR 210.2 million compared to the previous year due to price increases and, despite a challenging economic field, the strong performance of the EMEA region. The EBITDA increased from EUR 229.6 million to EUR 302.9 million and the EBITDA margin was 12.4 percent compared to 10.3 percent in fiscal year 2022.

DEVELOPMENT OF EBIT AND REVENUE (in EUR million)



NET ASSETS

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	12/31/2021	12/31/2022	12/31/2023
Assets			
Non-current assets	826.5	878.9	937.2
Current assets	866.2	1,079.2	1,123.9
	1,692.6	**1,958.2**	**2,061.1**
Equity and liabilities			
Equity	613.9	674.9	715.5
Non-current liabilities	442.8	620.6	661.3
Current liabilities	636.0	662.7	684.3
	1,692.6	**1,958.2**	**2,061.1**

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

Total assets increased from EUR 1,958.2 million as at December 31, 2022 to EUR 2,061.1 million as at balance sheet date December 31, 2023. Non-current assets increased from EUR 878.9 million to EUR 937.2 million. The main reason for this was the extensive investment program. Current assets also increased from EUR 1,079.2 million in 2022 to EUR 1,123.9 million in fiscal year 2023 due to the increase in working capital.

Equity increased from EUR 674.9 million to EUR 715.5 million as of December 31, 2023, mainly due to the consolidated result. The equity ratio increased just slightly from 34.5 percent to 34.7 percent as at the balance sheet date due to the increase in total assets.

Non-current liabilities increased from EUR 620.6 million in the previous year to EUR 661.3 million at the end of 2023. This was mainly due to the placement of an ESG-linked promissory note loan of EUR 154 million to refinance maturing loans and to finance the investment program. Current liabilities also increased from EUR 662.7 million to EUR 684.3 million to finance the Working Capital. As of December 31, 2023, 95.6 percent of total capital employed of was secured long-term. At EUR 668.1 million, net debt increased significantly compared to the previous year due to increased capital requirement.

The gearing ratio (net debt in relation to equity) was 93.4 percent as at December 31, 2023, compared to 90.3 percent on the reporting date of the previous year. Net investments in the reporting period amounted to EUR 173.5 million and were thus higher than the previous year's figure of EUR 129.0 million.

FINANCIAL POSITION

EUR million	Jan–Dec 2021	Jan–Dec 2022	Jan–Dec 2023
Cash flows from operating activities	87.4	46.1	186.7
Cash flows from investing activities	(137.4)	(85.8)	(165.7)
	(50.0)	**(39.7)**	**20.9**
Adjusted interest on borrowings after tax	7.9	10.2	25.6
Free cash flow	**(42.1)**	**(29.4)**	**46.5**

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

Cash flows from operating activities increased in the year 2023 to EUR 186.7 million in 2023 after EUR 46.1 million in 2022. The main reason for this was the increased profitability. Cash flows from investment activities amounted to EUR -165.7 million in 2023 compared to EUR -85.8 million in the previous year's reporting period. The negative change was primarily due to the large investment program. Free cash flow increased significantly to EUR 46.5 million as of the reporting date compared to EUR -29.4 million in 2022.

The cash flow from the financing sector was EUR 2.6 million in 2023 compared to EUR 60.5 million in the same period of the previous year. The return on equity increased from 15.4 percent at year-end 2022 to 18.1 percent as of December 31, 2023. The return on capital employed was clearly above the previous year's figure of 9.4 percent at 11.5 percent. The weighted average cost of capital (WACC) increased to 6.0 percent in 2023 due to the decrease in market capitalization and the increase in interest on borrowings, compared to the previous year's value (2022: 5.6 percent). These developments led to an increase in economic value added from EUR 45.5 million to EUR 74.3 million in reporting year 2023.

EUR million	Jan–Dec 2021	Jan–Dec 2022	Jan–Dec 2023
NOPLAT			
EBIT	155.0	150.4	210.2
Adjusted income tax	(37.6)	(39.0)	-56.3
	117.4	**111.4**	**153.9**
Capital employed[1)]			
Inventories	378.4	512.5	599.9
Trade receivables	260.3	319.4	341.7
Trade payables	(181.3)	(233.5)	-246.6
Payments received on account of orders	(36.3)	(44.3)	-54.7
Current capital	**421.0**	**554.1**	**640.3**
Other current receivables and assets	112.5	78.8	80.4
Income tax receivables	2.2	6.7	6.1
Current provisions	(33.2)	(39.4)	-46.5
Current liabilities	(129.3)	(162.6)	-175.0
Income tax liabilities	(11.1)	(14.1)	-15.9
Net working capital[1)]	**362.0**	**423.4**	**489.5**
Non-current operating assets	777.4	840.0	899.9
Non-current provisions	(69.8)	(57.4)	-42.9
Deferred tax liabilities	(7.6)	(7.3)	-6.8
Liabilities from puttable non-controlling interests	(0.2)	(0.2)	-
Other non-current liabilities	(9.9)	(11.1)	-5.7
	1,052.0	**1,187.5**	**1,334.0**
ROCE	**11.2%**	**9.4%**	**11.5%**

1) Annual average.

Cash and liquidity management

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 Corporate 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).

PALFINGER has access to extensive committed credit lines provided by the core banks currently financing the group. This further secures PALFINGER's solvency at all times. The financing requirement was covered in 2023 by placing an ESG-linked promissory note loan totalling EUR 154 million. The financing lines, which are held as a liquidity reserve and are also used to finance working capital, were increased at year-end to more than EUR 250 million.

Factoring programs exist in Europe, the USA and Canada. As of the balance sheet date December 31, 2023, the receivables sold in this way totaled EUR 104.0 million (2022: EUR 79.4 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 2023. As of December 31, 2023, this affected trade accounts payable totaling EUR 46.0 million (2022: EUR 55.2 million).

RESULTS OF OPERATIONS

Sales increased by 9.9 percent to EUR 2,445.9 million in fiscal year 2023 (2022: EUR 2,226.2 million), primarily driven by the implemented price increases and market growth in NAM, APAC and the Marine business. In 2023, the EMEA region was the most important market, accounting for 59.9 percent of revenue, followed by NAM at 24.7 percent and APAC at 5.5 percent. Exchange rate changes (especially the USD) had a negative effect of EUR -105.5 million on revenue development.

RESULT OVERVIEW

EUR million	Jan–Dec 2021	Jan–Dec 2022	Jan–Dec 2023
Revenue	1,841.5	2,226.2	2,445.9
EBITDA	243.7	229.6	302.9
EBITDA margin	13.3%	10.3%	12.4%
EBIT	155.0	150.4	210.2
EBIT margin	8.4%	6.8%	8.6%
Consolidated net result	86.6	71.4	107.7
Earnings per share (EUR)	2.31	2.05	3.10
Dividend per share (EUR)	0.77	0.77	1.05

1) Proposal to the Annual General Meeting.

Consolidated financial statements, Consolidated income statement, p. 89,
Notes on the consolidated income statement, p. 108

As a result of the sales growth and the persistently high inflation, the cost of sales increased from EUR 1,714.7 million to EUR 1,818.4 million, with the relative cost of materials beneath the previous year's level. Variable personnel costs increased from EUR 227.8 million to EUR 250.8 million and were slightly above the level of 2022 in relation to revenue. Gross profit increased from EUR 511.5 million to EUR 627.4 million in comparison to the same period of the previous year. The gross profit margin was 25.7 percent as at the reporting date and was above the figure of 23.0 percent in 2022.

Structural costs (including costs for research and development, distribution and administration) increased from EUR 378.3 million to EUR 426.3 million. The increase in costs in 2023 was primarily due to inflation and in addition continued structural development of the organization for future growth and expenditure on groupwide future-oriented projects. Compared to the same period of the previous year, structural costs as a percentage of revenue increased from 17.0 percent to 17.4 percent.

EBITDA increased by 31.9 percent from EUR 229.6 million in 2022 to EUR 302.9 million in 2023. The increase is a direct effect of the implemented price increases as well as the reduced cost for materials and raw materials. The EBITDA margin was 12.4 percent compared to 10.3 percent in the previous year. The operating result (EBIT) was also significantly affected by the above factors and increased from EUR 150.4 million in 2022 to EUR 210.2 million in 2023. The EBIT margin also rose from 6.8 percent in 2022 to 8.6 percent in 2023.

Compared to the previous year, the net financial result fell by EUR 20.1 million from EUR -16.7 million to EUR -36.8 million. This development is due to increased borrowing as well as the significantly increased inflation level. Due to the extensive investment program and the increase in workinc capital, net financial debt increased from EUR 609.6 million by around 9.6 percent to EUR 668.1 million. Absolute expenses for income tax were significantly above the previous year's figure and amounted to EUR 47.4 million in the reporting period compared to EUR 34.8 million in 2022. The tax rate increased from 26.0 percent in 2022 to 27.4 percent in the reporting period. At EUR 107.7 million, the consolidated net result for 2023 was 50.9 percent above the previous year's figure of EUR 71.4 million. Earnings per share decreased from EUR 2.05 in the previous year to EUR 3.10 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 1.05 be distributed for fiscal year 2023 (2022: EUR 0.77).

PERFORMANCE BY SEGMENT

- **Effectivenes off implemented price increases and market growth in NAM, APAC and the Marine business drive revenue in the Sales & Service segment**
- **Flattening economic trend reduced external sales for third parties in the Operations segment**
- **Stabilization of supply chains and a decrease in raw material prices improved the Operations segment's profitability**

PALFINGER’s business is divided into the reportable segments Sales & Service and Operations. The other 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.

In May 2023, the decision was made to restructure the Tail and Passenger Lifts product line. This is accompanied by the separation from the GPO structure, due to lower synergies with the other product lines. The product line will be managed independently of the Sales & Service and Operations segments and therefore forms an independent business segment. The change in organization and segmentation affects the EMEA business for 2023 and the NAM business from 2024 onwards. The thresholds listed in IFRS 8 for a separate reportable segment have not been met; therefore, in accordance with IFRS 8.16, the segment is reported together with the holding area under other non-reportable segments. The amount for the previous year was adjusted retrospectively.

EUR thousand	SALES & SERVICE	OPERATIONS[1]	Other Segments	PALFINGER Group
Revenue	2,237,518	155,336	52,999	2,445,852
Revenue share	91.5%	6.3%	2.2%	-
EBITDA	232,789	107,505	(37.4)	302,873
EBITDA margin	10.4%			12.4%
EBIT	207,658	61,806	(59,269)	210,195
EBIT margin	9.3%			8.6%

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 2023

Segment revenue increased from EUR 1,969.3 million in 2022 to EUR 2,237.5 million in fiscal year 2023. The positive development is due to the price increases implemented since the beginning of the year and the positive effects of the dynamic pricing within the EMEA region, despite adjusted transfer pricing. Segment EBITDA increased from EUR 172.9 million to EUR 232.8 million in 2023. The EBIT margin also increased to 9.3 percent in 2023 from 7.6 percent in 2022.

EUR thousand	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Revenue	422,010	483,301	474,570	589,427	529,963	566,386	533,142	608,027
EBITDA	24,859	53,225	44,115	50,704	50,400	55,085	60,292	67,012
EBIT	19,242	46,370	39,615	44,649	44,602	49,257	54,454	59,345

NAM recorded the best development thanks to the high demand for service cranes in particular. A high order intake for loader cranes was also achieved in the APAC region. The marine sector benefited significantly from digitalization projects for offshore-cranes, among other things. EMEA recorded a significant decline in incoming orders due to the general market trend, particularly in the construction industry.

Income statement (EUR thousand)	2022	2023	in % of Group
External revenue	1,969,307	2,237,518	91.5%
EBITDA	172,903	232,789	76.9%
Depreciation, amortization and impairment	23,026	25,131	27.1%
EBIT	149,877	207,658	98.8%
EBIT margin	7.6%	9.3%	

OPERATIONS SEGMENT

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

Business Performance 2023

External segment revenue in 2023 was at EUR 155.3 million significantly below the previous year's figure of EUR 203.6 million due to the reduced turnover of Nimet Srl. Segment EBITDA increased from EUR 85.5 million in the same period in 2022 to EUR 107.5 million in the reporting period. Segment EBIT reached EUR 61.8 million compared to EUR 45.3 million in fiscal year 2022.

EUR thousand	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Revenue	51,821	55,737	54,268	41,788	47,522	43,841	37,949	26,024
EBITDA	27,264	20,859	15,530	21,846	27,506	39,279	31,602	9,119
EBIT	18,046	11,116	5,285	10,890	17,128	28,788	18,673	-2,783

The high order intake kept the PALFINGER plants well utilized at the beginning of the year. Material prices and internal supply chains eased compared to the previous year. The situation in external supply chains also improved, although isolated bottlenecks continued to lead to inefficiencies.

Income statement (EUR thousand)	2022	2023	in % of Group
External revenue	203,613	155,336	6.4%
EBITDA	85,499	107,505	35.5%
Depreciation, amortization and impairment	40,161	45,699	49.3%
EBIT	45,337	61,806	29.4%

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 2023

Due to the segment change relating to Tail and Passenger Lifts, there was a negative one-off effect. EBITDA in the other non-reportable segments unit amounted to -37.4 in 2023 after EUR -28.8 million in fiscal year 2022, while EBIT for the unit was EUR -59.3 million after EUR -44.8 million in the previous year. The successful course and group-wide initiatives from the previous years were continued. The focus was on digitalization and innovation and aligning the organization for further growth.

EUR thousand	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Revenue	11,766	14,362	13,098	14,094	14,098	13,110	12,908	12,883
EBITDA	-3,001	-3,695	-8,556	-13,594	-8,343	-6,070	-16,339	-6,669
EBIT	-6,890	-7,641	-12,644	-17,641	-12,797	-15,715	-19,421	-11,336

Income statement (EUR thousand)	2022	2023	in % of Group
External revenue	53,320	52,999	2.2%
EBITDA	(28,847)	(37,421)	(12.4%)
Depreciation, amortization and impairment	15,969	21,848	23.6%
EBIT	(44,815)	(59,269)	(28.2%)

RISK REPORT

RISK MANAGEMENT SYSTEM

- **Negative economic outlook for EMEA characterizes the risk position**
- **Russian war of aggression against Ukraine remains a significant risk**
- **Lack of qualified employees high risk in the long and medium term for PALFINGER**

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

Risk identification: PALFINGER defines risk as the possibility of a positive or negative deviation from planned results. All significant strategic and operational risks are discussed between Corp. GRC and the responsible management and experts. The identified risks are documented in a standardised 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 result 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 presented as part of the planning process and reported to management. The Executive Board and Supervisory Board are regularly informed about the material risks facing the group.

Risk management and monitoring: The decision on whether to mitigate or accept a risk is based on monetary considerations, taking into account the overall risk acceptable to PALFINGER and the impact on the long-term market position. The responsible management defines mitigation measures together with Corporate GRC.

In order to ensure the implementation of these measures and the management of risks, centralised monitoring is carried out by Corporate GRC. Reports are submitted to the Executive Board. In addition, the Supervisory Board receives regular reports on the overall risk position as part of its control function.

RISK EXPOSURE

Risk exposure is influenced by uncertainty regarding future economic developments. High base rates in several currency zones, the negative development of the construction industry, particularly in EMEA, and the geopolitical situation have significantly dampened the outlook and led to a decline in orders. This trend could intensify, with negative consequences for sales and earnings. The impact on PALFINGER will largely depend on the extent and duration of the economic downturn. To minimize risks, structural costs are being strictly controlled and sales measures implemented.

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

The relationship between China and Taiwan represents an additional geopolitical risk, which could potentially impact global supply chains for electronic components.

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 essentially grouped into the following categories: Strategy & organization, product development & innovation, sales & service, purchasing & supply chain, production, IT & data management, legal & compliance, human resources, finance & taxes.

Sustainability risks within these categories are also taken into account in the process and reporting to ensure that data on climate and environmental protection, social and employment law issues, human rights, and preventing corruption is systematically recorded and their effects taken into account in the overall risk position. In the course of the risk management process, implications of individual risks resulting from climate change were also taken into account.

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
Strategy & organization		
Fraud and gaps in the ICS An established internal control system is necessary to safeguard PALFINGER's assets and business activities, minimize operational and process risks, and strengthen governance.	• Gaps in the ICS can lead to financial losses. • Remote working further increases the risk of fraud (e.g. CEO fraud or manipulation).	• Organizational strengthening of the governance and compliance organization at corporate level. • Evaluation of process-integrated controls in process design and control development. • The group policy system forms the basis of the internal control system. • Standardization of processes and systems is constantly being promoted, for example through the roll-out of SAP S4/HANA. Ongoing process improvements are driven by the process and data organization. • Internal audits and ad hoc reviews of root cause cases address risk and strengthen governance and process compliance.
Product development & innovation		
Technological leadership PALFINGER aims to secure its position as market and innovation leader in the long term.	• Product development projects can be costly and complex or require higher upfront costs and/or longer development time. • Changes in legal and regulatory requirements, including those relating to sustainability, may delay product development or result in additional development costs.	• Standardized development process for continuous development work and innovation projects. • Establishment of the Köstendorf development site as a research and development center. • The Requirements Management that has been implemented ensures that legal and regulatory requirements are met. • Project prioritization to maintain technology leadership in the medium and long term. • Close project controlling for cost and project management. • Sustainable investment in research and development. • Product development towards eco-efficient products.
Sales & Service		
Sales market development Macroeconomic, political and economic developments influence the size, stability and growth of markets.	• The high base rates in several currency zones could lead to a recession in certain markets and sectors. • The volatile market environment is also characterized by geopolitical as well as country-specific political influences.	• An established reporting system and coordination in regular management meetings enable short-term control, for example in the sales and operations planning cycle. • Roll out of targeted sales measures. • Strict control of structural costs.
Bad debt PALFINGER grants customers payment terms.	• The negative economic trend increases the risk of bad debt losses.	• Continuation of increased and close monitoring of receivables. • Implementation of a uniform process and reporting for the preventive reduction of credit risks, management of defined credit limits and payment terms. • Risk-prioritized use of credit insurance.

Risk category	Risk description	Risk minimization measures
Procurement & Supply Chain		
Disruptions to supply chains PALFINGER's output is influenced by the supply and raw materials situation.	• Although capacity and supply bottlenecks for components have eased in the short term, they may still have a negative impact in the long term. • Potential effects include delays and disruptions to national and international supply chains.	• Promotion of long-term partnerships with strategic suppliers. • Implementation of multiple procurement options. • Value creation principle ‘in the region, for the region’. • Performance monitoring of suppliers is carried out with the help of supplier management systems.
Production		
Product quality and liability PALFINGER sees itself as a premium manufacturer. Product quality therefore plays a major role in the entire product development process.	• Errors caused in the value chain can lead to additional work and therefore increased costs in the manufacturing process. • Increased outsourcing increases dependence on external suppliers. There is a risk of delay in the implementation of quality standards and processes by outsourcing partners.	• Implementation of the strategic quality improvement program Lifting Quality. • Consistent focus on prevention and continuous improvement. • Group-wide awareness campaign to further strengthen quality awareness across all processes and departments.
IT & Data Management		
Cybercrime Companies are targets of cybercrime.	• Cybercrime and associated targeted attacks on companies' IT systems are increasing massively worldwide. This can result in system failures and temporary restrictions in data availability.	• Ongoing investments to further improve cybersecurity. • Center of excellence for data security. • Implementation of awareness initiatives such as training, newsletters
Legal & Compliance		
Compliance 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 • Issuer compliance • Human rights • Environmental standards	• Violations of laws and international standards, fraud and corruption can lead to heavy fines as well as significant reputational damage. • Sanctions regimes are becoming increasingly complex globally. This can be seen in the example of the Russian war against Ukraine. PALFINGER consistently complies with all sanction regulations that have been and are being issued against Russia and other countries. • Regulatory requirements for the supply chain are constantly increasing. Failure to meet these requirements can lead to competitive disadvantages and penalties.	• Establishment of an annual comprehensive report on anti-corruption measures to the Executive Board and Supervisory Board. • Local data protection coordinators; implementation of processes regarding sanctions and export controls. • Binding Code of Conduct forms the basis for employees and PALFINGER partners. • Group policy for the implementation of compliance-relevant topics, e.g. anti-corruption. • Group-wide training program on compliance topics to raise employee awareness. • Internal audits that address compliance risks. • Implementation and continuous development of a comprehensive export control and sanctions process, which includes business partner and sanctions screening. • Handover of the operational business of the Russian unit to Russian management while maintaining financial reporting. • Establishment and expansion of processes and data pool for the supply chain.
Loss of control due to government intervention PALFINGER is exposed to the risk of losing companies through expropriation or government takeovers.	• In connection with the current crisis situation in Russia, there is a risk that the Russian companies may be taken over by an external administrator by law as a result of legislative measures.	• Continuous monitoring of current developments in sanctions and counter-sanctions.

Risk category	Risk description	Risk minimization measures
Human Resources		
Shortage of qualified personnel PALFINGER values its employees and their professional qualifications as an essential basis for economic success.	• For PALFINGER, its employees are a key success factor. A lack of qualified employees inhibits the company's continuous growth and jeopardizes its position as a market and innovation leader.	• Creation of new future-oriented jobs through the Köstendorf development site and The HUB Vienna. • PALFINGER creates appealing packages to attract and retain specialists and managers in the long term. • Positioning as a modern employer through health services, flexible working time models, etc. • Establishment of additional measures for training and development, e.g. training centers for apprentice training, management development. • Attractive and fair pay as an essential contribution to employee satisfaction (collective agreements, voluntary social benefits, etc.) • Establishment of a standardized process and central control of wage and salary increases for the entire group. • Establishment of comprehensive talent management. • Implementation of a uniform process for performance appraisal and further development of employees.
Finance & taxes		
Foreign currency risks PALFINGER's international activities give rise to receivables and liabilities in foreign currencies.	• Fluctuations in exchange rates can lead to losses. Natural hedges, i.e. settlement of payment obligations and cash inflows from operating activities in the same currency reduce the foreign currency risk.	• Risk positions are analyzed, monitored and limited by implementing appropriate hedging strategies. • Regular meetings with the Executive Board to adjust the hedging strategy as needed.
Liquidity risk PALFINGER relies on group-wide cash reporting to control the efficient use of financial resources.	• Liquidity bottlenecks may increase refinancing costs and result in outstanding liabilities not being settled on time. • The market situation and the increased risk of loss of receivables mean that liquidity remains a primary consideration.	• Early coordination of liquidity requirements using medium and long-term planning. • Central control by the company's internal treasury: intra-group financial balancing is carried out via cash pooling and central clearing.
Interest rate risk Group-wide financing requirements are covered by short-term and long-term financing instruments.	• There is a risk of change in variable interest rates.	• Central management of interest rate risk by the corporate treasury for the entire Group. • Hedging of variable interest rates through the use of derivative financial instruments.

Deconsolidation of the Russian business PALFINGER is exposed to the risk of deconsolidation of the Russian business due to accounting rules.	• Due to a change in prevailing opinion on the full consolidation of Russian subsidiaries, there is a risk of deconsolidation.	• Monitoring of developments; reaction where necessary.
Impairments The valuation of assets and purchase price allocations in the context of company acquisitions are made based on discretionary assumptions. External developments can therefore affect the intrinsic value of certain assets (in particular goodwill, investments) and purchase price allocations.	• If the market situation deteriorates, there is a risk that individual assets will have to be adjusted to reflect a changed valuation or that investments will not be amortized as planned. • Russia's war on Ukraine and higher base rates in several currency zones are leading to a deteriorating market situation as well as increasing risk.	• Monitoring and identifying indications of impairment.

FURTHER LEGAL INFORMATION

DISCLOSURES PURSUANT TO § 243A UGB

As of December 31, 2023, the share capital of PALFINGER AG was EUR 37,593,258 divided into 37,593,258 no-par value bearer shares. Each PALFINGER share entitles the holder to one vote at the Annual General Meeting.

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

	2022/31/12	Accruals	Outflows	**12/31/2023**
Treasury shares	2,826,516	-	-	2,826,516
Proportion of the share capital in %	7.5	-	-	7.5
Proportion of the share capital in EUR thousand	2,827	-	-	2,827

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

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

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

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

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

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

EXPECTED DEVELOPMENT OF THE COMPANY

- **Predictability to the end of the 2nd quarter of 2024**
- **Currently weak economic situation in EMEA**
- **Optimization of working capital, stringent investment management and targeted cost reduction**

Currently the economic field represents many challenges in Europe. The order book offers good predictability to the end of the second quarter of 2024. There is currently a highly limited visibility beyond the first half of the year. In 2024, the focus will be further increasing the resilience through the optimization of working capital, stringent investment management and targeted cost reductions.

A rebound in the European economy is currently not expected. The subdued situation will especially impact the construction industry in Germany, as well as other European Union countries. The development in APAC is two-split: China’s market continues its gradual recovery from the lingering effects of the Covid-19 pandemic, coupled with the risk of major real estate companies collapsing. Meanwhile, in other nations, indications point toward a resurgence. The markets in Southeast Asia and India show promising developments, providing substantial growth opportunities for PALFINGER. This also applies to PALFINGER's Marine business, which is benefiting from the global expansion of offshore wind farms as well as from the service business. PALFINGER expects the development in LATAM to be stable. In NAM, PALFINGER recognizes significant potential and is concentrating on fostering additional organic growth in the country.

Since January 2024, the Executive Board of PALFINGER AG has been expanded to include Maria Koller in the role of CHRO. Ms. Koller is responsible for Human Resources and Legal Affairs and, together with the entire Executive Board, is driving forward PALFINGER's positioning as an attractive and competitive employer.

For the first halfyear, PALFINGER expects a stable revenue compared with the previous year’s period and good profitability. There is currently a highly limited visibility for an outlook for the second half of the year 2024. The Executive Board remains committed to the financial targets for 2027 – with sales of EUR 3 billion, an EBIT margin of 10 percent and a ROCE of 12 percent.

Consolidated Non-financial Statement

CONSOLIDATED NON-FINANCIAL REPORT

PALFINGER has published its non-financial key figures as part of a non-financial statement to the management report annually since 2021 in preparation for the Corporate Sustainability Reporting Directive (CSRD). The environmental, social, and governance aspects are presented as a whole for the fiscal year January 1 to December 31, 2023. The consolidated non-financial statement was prepared in accordance with the GRI standards and the Austrian Sustainability and Diversity Improvement Act (NaDiVeG, section 267a of the Austrian Business Code).

The GRI content index provides an overview of the sustainability topics. It contains references to the relevant pages in the report, and is appended at the end of this non-financial statement.

The non-financial statement includes all consolidated companies in the PALFINGER Group, as shown in the list of shareholdings.

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. Instead of publishing a Communication on Progress report, PALFINGER once again linked the sustainability topics to the UN principles in 2023. PALFINGER is committed to the OECD Guidelines for Multinational Enterprises. The United Nations' 2030 Agenda for Sustainable Development contains 17 global Sustainable Development Goals (SDGs). PALFINGER incorporates these SDGs into all aspects of its business operations. The direct and indirect impacts of PALFINGER's operations on the 17 SDGs were evaluated. PALFINGER has identified four development goals as being most relevant to the strategic orientation of sustainability management: SDG 5 – gender equality; SDG 8 – decent work and economic growth; SDG 12 – sustainable consumption and production; SDG 13 – climate action.

As part of its membership of the Austrian sustainability network respACT, PALFINGER has been the regional coordinator for Salzburg since 2019. PALFINGER is also a member of the BDE (Federal Association of the German Waste Management, Water and Raw Materials Industry); the BDSV ((Federal Association of German Steel Recycling and Waste Management Companies); the BSK (Bundesfachgruppe Schwertransporte und Kranarbeiten e.V.) and others. Further information can be found on the PALFINGER website (https://www.palfinger.com/de-de/ueber-palfinger/verbandsmitgliedschaften).

ORGANIZATIONAL INTEGRATION OF SUSTAINABILITY AND DUE DILIGENCE PROCESS

Sustainability is a central part of PALFINGER's corporate strategy. A Sustainability Council has been established as an interdisciplinary steering committee for sustainability to manage the topic across all areas of the organization. This includes the heads of the Global Functions Operations, Human Resources, Product Line Management & Engineering, as well as the corporate functions Business Development & Sustainability, and GRC/Group Accounting/Taxes. The Sustainability Council reports directly to the Executive Board. The Executive Board informs the Supervisory Board on a quarterly basis about current sustainability issues and the progress of sustainability activities. The Supervisory Board thereby fulfills its control function.

The Sustainability Council’s core tasks are: Developing and implementing the sustainability strategy, which is closely interwoven with the business strategy; defining targets; determining measures; and tracking measures. The respective Global and Corporate Functions are responsible for implementing the defined measures.

The Corporate Development & Sustainability department is responsible for providing impetus and initiatives as well as monitoring measures. Compliance with regulatory and reporting requirements is managed by Corporate GRC. Coordination of the activities and measures together with the collection of data for reporting key figures are part of the existing controlling processes and are carried out in the responsible functions. This ensures that sustainability issues are driven forward in a focused manner and that non-financial goals are equally anchored in the management processes.

The risks and opportunities arising from sustainability 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 management report.

The focus is currently on preparing for the requirements of the CSRD and the corresponding European reporting standards, the European Sustainability Reporting Standards (ESRS).

STAKEHOLDERMANAGEMENT

PALFINGER takes account of the consequences of its operations along the entire value chain, not just for the company but also for the environment and society. To achieve this, PALFINGER proactively engages its stakeholders.

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. In this context, PALFINGER maintains an ongoing dialogue with stakeholders. The interests of senior management and employees at PALFINGER are identified in the course of employee interviews and surveys, performance & development reviews, regular meetings with line managers, etc. Continuous and transparent communication with shareholders and lenders is maintained at events and in meetings. Contact with customers and dealers is maintained at international dealer conferences and trade fairs as well as through surveys and direct dialogue. They are also kept up to date via newsletters and included in the continuous improvement process. Dialogue with suppliers, OEMs and strategic cooperation partners is conducted at conferences and through direct contact. Delivery and quality management agreements are concluded with them and their sites are inspected. In return, they are invited to visit PALFINGER sites. PALFINGER maintains a lively exchange with the local community through local media activities as well as through events, plant tours, and other forms of regular direct contact.

MATERIALITY ANALYSIS

A comprehensive materiality analysis was carried out in 2021. Key issues in the areas of environment, social affairs and governance were identified in a multi-stage process. Employee concerns, respect for human rights, the fight against corruption and bribery and aspects of diversity were also taken into account. Relevant topics were identified along the entire value chain, taking into account global trends and legal requirements. Qualitative interviews were conducted with internal and external stakeholders as well as stakeholder representatives on the importance of the topics from their perspective.

The following topics were identified as material in 2021:

Area	Material topics with relevant aspects from the stakeholder analysis	Topics according to NaDiVeG	Sustainable Development Goals
Environment	Energy consumption and GHG-emissions in production and at PALFINGER sites GHG emissions from product use Environmental impact in the value chain	Environmental concerns	SDG 13
Social	Safety of PALFINGER products and applications Employee health and safety Attracting and retaining experts/talent as well as employee development including training and further education Diversity and equal opportunity	Social issues Employee concerns Diversity plan	SDG 5, 8, 13
Governance	Compliance with and leadership commitment to values, legal, and ethical standards Clear internal policies and standardized processes Transparency and accurate reporting Dealing with megatrends	Prevention of corruption Human rights	SDG 8, 12

In preparation for the CSRD, a comprehensive update of the materiality analysis in accordance with ESRS 1 "General Requirements" was started in 2023. The relevant topics were identified and defined along the entire value chain based on an analysis of driving factors. This took account of legal requirements, global trends and benchmarks, and the main effects, risks and opportunities were worked out. In addition to the ongoing stakeholder dialog, qualitative interviews together with online surveys were conducted with representatives of internal and external stakeholders to ascertain the significance of the topics from their perspective. The Executive Board, Supervisory Board, top management and employees, shareholders and debt investors, customers and dealers, suppliers and OEMs were surveyed.

The results of the double materiality analysis will lead to an update and further development of PALFINGER's sustainability program with regard to the strategic fields of action, programs and goals in the 2024 financial year. The evaluation of the stakeholder survey essentially confirmed the topics of the previous materiality analysis in 2021, with an additional block of topics on the circular economy and product life cycle responsibility also being identified as material. There was also an increased focus on social issues, cybersecurity and responsible IT.

The internal validation of these topics and their integration into the sustainability strategy is carried out by the Sustainability Council and approved by the Executive Board. In preparation for the application of the CSRD, the specific impacts, risks and opportunities related to the material topics will be identified in the reporting year and in 2024 based on the results of the stakeholder survey. These will be assessed in accordance with the assessment categories of the ESRS.

SUSTAINABILITY STRATEGY

Sustainability is of particular importance in the vision and strategy for 2030. The Sustainability Council ensures that PALFINGER takes account of environmental, social, and governance issues in addition to economic aspects in all business processes. Sustainability is therefore more than just a challenge or a risk for PALFINGER. Rather, PALFINGER sees responsible, sustainable business as an opportunity and a value driver that opens doors to new business segments, growth, and greater differentiation. The most important foundation of the sustainability strategy is the analysis of the value chain and the topics identified in the materiality analysis with regard to their influence on people, the environment, and the economy.

The relevant aspects of the materiality analysis from 2021 are assigned to six material topic areas, with two each falling under environment, social affairs and governance. The six strategic topics are described below:

For the living planet we all depend on.
LESS EMISSIONS
As part of the global movement in industry, we make lower CO2 emissions one of our priorities. As a result, our operations are increasingly powered by renewable energy and characterized by efficient material use to deliver positive impact.

POSITIVE IMPACT ON THE VALUE CHAIN
To effect change in our value chain, we are engineering our entire range of product solutions to reduce emissions and enable low-carbon innovation. We are also working to become an integrated solutions provider for partners across the network.

For all the people we touch.
SAFE AND HEALTHY AT ALL LEVELS
Safety in the company, a healthy work culture and the safety of our products have top priority. The well-being of our employees and customers is crucial to our success.

A QUALIFIED AND DIVERSE WORKFORCE
To innovate in a global economy, we need to attract and retain the best people – in our leadership and throughout the organization. That includes continuous training and personal development. At PALFINGER, we see diversity as a source of excellence and strength, and of business success.

For a future-oriented entrepreneurial action.
COMMITTED TO OUR VALUES
To continue on the path of sustainability, we must go beyond regulatory requirements and strive for the highest human, ethical, and legal standards.

FOCUS ON GOVERNANCE AND TRANSPARENCY
We continually evolve our business activities to meet the needs of a sustainable economy. This calls for the highest standards of governance and transparency.

Based on the sustainability strategy the non-financial targets for the areas of environment, social affairs, and governance (ESG) are derived. These cover currently all NaDiVeG concerns (environmental, social and employee matters, as well as respect for human rights, combating corruption and bribery, and diversity concept).

In the environment field, PALFINGER has set itself the goal of generating less greenhouse gas (GHG) emissions. The focus is on reducing energy consumption and GHG emissions in production and at PALFINGER sites. The second aspect defined is the positive impact along the entire value chain. This is achieved by reducing GHG emissions through increasing electrification in product application.

Safety when using PALFINGER products as well as the health and safety of employees are key issues in the social area. The latter is measured by the Total Recordable Injury Rate (TRIR). A second focus in this area is the promotion of qualified employees and diversity. Attracting and retaining experts and talent as well as employee development, including training and continued education, equal opportunities and increasing diversity are key cornerstones of this.

Governance includes compliance with PALFINGER's values. In this context, the focus is on compliance with and leadership commitment to the values set out in the Code of Conduct as well as legal and ethical standards. To create clear internal policies and standardized processes, the focus is on the areas of governance and transparency. This includes the central aspect of transparent and correct reporting, which underlies all of PALFINGER's activities.

At PALFINGER, group-wide targets are defined and proposed by the respective specialist department and approved by the Sustainability Council. The respective corporate/global function is responsible for implementing the measures. The effectiveness of the implemented measures is continuously monitored by the Sustainability Council to ensure that goals are achieved at a group level.

PALFINGER is implementing the extended reporting requirements in accordance with the CSRD and ESRS, which will be mandatory as of the 2024 reporting year. As part of the double materiality analysis in accordance with the CSRD, the sustainability strategy for 2024 is also revised and takes the material topics into account.

ENVIRONMENT

CLIMATE CHANGE

PALFINGER production sites are designed to ensure the greatest possible ecological and economic efficiency and to continuously improve these aspects. The company attaches particular importance to reducing energy intensity and the associated CO2 emissions. Corporate Health, Safety & Environment Management (Corp. HSE) coordinates the associated annual programs, targets and measures within Global Operations. A new role of Energy Management Project Engineer was established in Corp. HSE in 2023 to strategically drive forward energy management worldwide.

An energy efficiency analysis was carried out at the most energy-intensive locations in EMEA as part of a project involving external experts. The aim was to identify energy-saving potential at site level and to develop the foundations for creating a realistic global GHG reduction pathway. Measures identified as having good profitability and high savings potential are planned to be implemented in the coming years.

Absolute energy consumption was reduced by over 2 percent in the reporting year to 214,3 million kWh (2022: 218.6 million kWh). The EMEA region accounted for the largest share of energy consumption at 65 percent.

Consequently, the corresponding energy intensity for the energy consumption within the organization was reduced to 87.6 MWh/mEUR revenue during the reporting period (2022: 99.8 MWh/mEUR revenue).

The resulting share of green electricity in total electricity consumption will be 75 percent in 2023, which corresponds to the previous year's figure of around 76 percent. PALFINGER has continuously invested in photovoltaic systems (PV systems) in recent years to generate renewable electricity for its production facilities. PALFINGER currently has PV systems with a peak output of around 8.2 megawatts of electricity. The amount of self-generated electricity of PALFINGER from these plants will account for around 5.2 percent of total electricity consumption in 2023. The continuous expansion of these capacities will continue to be a high priority in the future.

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

PALFINGER reports internal production-related CO2 emissions in two categories: Direct emissions from fuels (Scope 1) and indirect emissions from electricity and district heating (Scope 2). To promote the reduction of Scope 1 and 2 CO2 emissions, all energy consumption and associated CO2 emissions are recorded centrally on a monthly basis via an internal reporting system.

PALFINGER caused 19,019 tons of CO2e in 2023 (2022: 18,850 tons of CO2e) in direct emissions from fuels: Natural gas, diesel, petrol, LPG, butane, propane and heating oil. This is roughly on a par with the previous year. PALFINGER’s indirect emissions (Scope 2 market-based) from electricity and district heating amounted to 12,894 tons of CO2e in 2023 (2022: 12,908 tons of CO2e).

The intensity quotient of GHG emissions for Scope 1 and 2 amounted to 13,048 t CO2e/billion EUR in revenue in the 2023 reporting year (2022: 14,266 t CO2e/billion EUR in revenue).

The most important initiatives in 2023 include the implementation of the energy efficiency analysis and the continuous expansion of PV systems. Site-specific measures included a program to reduce energy consumption in Caussade, France (LED, control, heat recovery, etc.), the retrofitting of adiabatic factory conditioning in Cherven Brijag, Bulgaria, optimization of heating control and modernization of factory lighting in Cadelbosco, Italy, and the introduction of new, more efficient painting processes in North America.

in MWh	2021	2022	2023
Electricity			
Electricity from the public grid	124,978	127,593	115,137
Electricity from PV plants		-	6,368
	124,978	**127,593**	**121,505**
Heat			
Natural gas	68,216	60,589	58,196
Propane	3,201	2,967	3,668
Butane[1)]	1	4	3
LPG	5,190	5,164	4,410
Heating oil	1,434	1,311	2,995
District heating	4,883	4,965	6,665
	82,925	**75,000**	**75,937**
Fuels			
Diesel	12,302	12,696	12,927
Petrol	1,206	3,319	3,933
Kerosene	-	-	-
	13,508	**16,015**	**16,860**
Energy consumption broken down by energy source	**221,411**	**218,608**	**214,303**

1) Adjustment of previous year's figures (2021 and 2022) for butane due to a transmission error in 2022.

in tonnes of CO_2-equivalents[1]	2021	2022	2023
Direct emissions from fuels (Scope 1)	20,160	18,850	19,019
Indirect emissions from electricity and purchased energy (Scope 2)	11,044	12,908	12,894
Internal production-related CO2 emissions	**31,204**	**31,758**	**31,913**

1) The conversion of direct and indirect CO2 equivalents is largely based on the IEA 2018 database, reference year 2016. Emissions data include carbon dioxide (CO2), methane (CH4), and nitrous oxide (N2O), as well as the correction value for import and export. The remaining Kyoto gases are not produced during direct combustion, so the figures can be considered complete. The direct emission factors (Scope 1) of gasoline, diesel, liquefied petroleum gas and heating oil are from the Federal Environment Agency Austria. The conversion for coal as an energy source is based on the specific carbon content (Scope 1). The district heating conversion factors are country-specific and come directly from the supplier.
With regard to data collection, it should be noted that companies or sites acquired or established during the reporting year are not required to report environmental data until the beginning of the following year. Due to their materiality, environmental indicators are reported by production and assembly sites. Due to their size, the Bergheim (AT) and Ainring (DE) sites were included in the reporting as company headquarters and assembly sites, respectively. The definitions of the key figures are given in the section on key figure definitions.

PALFINGER defined targets for reducing its CO2 emissions in 2021 as part of the Science Based Target Initiative (SBTi). Due to the special nature of the value chain, i.e. most emissions are upstream or downstream of the production process, it has so far not been submitted. PALFINGER is constantly evaluating the submission. In the meantime, the company is systematically driving the process forward and using the knowledge already gained to actively exploit all identified savings potential.

When ascertaining GHG emissions along the entire value chain, PALFINGER found that the most significant share of CO2 emissions originates in the deployment phase of its products. It is therefore in this area that PALFINGER has the greatest leverage to contribute to achieving the European climate targets. Consequently, PALFINGER has set itself the goal of reducing GHG emissions along the entire value chain, especially when using PALFINGER products and solutions. PALFINGER's efforts will therefore focus increasingly on "external" GHG-emissions in future, in particular those from product use. The individual product lines pursue specific approaches to sustainable product design. As part of EcoEfficiencyScoping , 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 help customers to reduce their CO2 footprint and therefore their total cost of ownership.

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.

CO2 emissions in the "Purchased Goods and Services" category are another significant leverage point along the value chain. A significant proportion of these emissions are generated in steel production. The potential of low-carbon steel is being evaluated in development to reduce these emissions. There are, however, still no clear signs of demand from the market.

PALFINGER can also influence environmental impacts in the value chain to reduce emissions. For example, the Code of Conduct, which also sets minimum standards in the environmental area, is mandatory for suppliers and business partners.

In the year under review, PALFINGER worked intensively on developing a suitable methodology for calculating Scope 3 emissions. The CIS region was taken into account for the calculation of the values through extrapolation. The corresponding details for determining the actual emission values are not available due to the limited reporting. The emissions in the relevant Scope 3 categories are as follows:

in tonnes of CO2 equivalents	2022	2023
Purchased goods and services	1,171,672	909,262
Use of sold products	2,315,918	2,455,217
Upstream transport and distribution	341,694	295,085
Other Scope 3 emissions	154,990	154,990
Total Scope 3 emissions	**3,984,274**	**3,814,554**

Scope 3 emissions in the "Purchased Goods and Services" category were calculated using the expenditure-based method. The "Use of Products Sold" category was calculated on the basis of product-specific information, average values and extrapolation. The "Upstream Transportation and Distribution" category was calculated in 2022 on the basis of a supplier-specific method and extrapolation. Qualified estimates were made for the calculations for the 2023 financial year based on the previous year's figures. All Scope 3 emissions were calculated as at December 31, 2022. Other emissions were not updated in 2023, as these categories in total account for less than 4 percent of total Scope 3 emissions.

SOCIAL

SAFETY OF PALFINGER PRODUCTS AND APPLICATIONS

At PALFINGER, product safety comes first.

PALFINGER products combine ease of use with utmost safety. They are sold internationally in accordance with the relevant standards applicable in each country. It is essential that PALFINGER implements these safety standards in a user-friendly manner.

PALFINGER products are manufactured in accordance with the latest and highest possible safety standards. The applicable regulations and standards are complied with to avoid accidents involving PALFINGER products. All accidents known to the company in which PALFINGER products were involved are included in the corresponding key figure if the accident caused personal injury (excluding accidents at work). These are recorded independently of a question of fault.

There were 7 accidents in the field with PALFINGER products in the reporting year (2022: 13). These resulted in 8 injuries of varying degrees (2022: 11) and 1 accident resulting in death (2022: 6). In the reporting year, PALFINGER initiated product recalls in 7 instances (2022: 9) as internal testing and ongoing quality assurance revealed a need for improvement in each case.

Accidents involving PALFINGER products	2021	2022	2023
Reported accidents	9	13	7
Fatalities[1)]	3	6	1
Injuries of varying severity[1)]	7	11	8
Legally binding penalties imposed by court due to accidents	-	-	-
Pending complaints (in negotiation) due to accidents involving products (as at 31 Dec)	5	6	6
Legally binding convictions	-	-	-

1) Irrespective of fault

As in the previous year, there were no legally binding convictions against PALFINGER for non-compliance with safety regulations in 2023. Irrespective of the question of fault, PALFINGER investigates all incidents involving its products in which persons are injured. The majority of these incidents stem from errors in operation, as a result of which no legal claims can be brought against PALFINGER. 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 then evaluated internally. All PALFINGER products are continuously assessed with regard to their effects on the health and safety of operators. Any opportunities for further development opportunities identified in the course of these assessments are continuously implemented.

EMPLOYEE HEALTH AND SAFETY

The health and safety of employees are of the highest importance to PALFINGER.

PALfit Health Management is anchored in the Human Resources global function. Occupational safety is coordinated by Corp. HSE within the operations global function.

The management of occupational safety and health protection aspects at PALFINGER is regulated according to ISO 45001. Excluding CIS, 36 percent of employees of employees worked at locations with ISO 45001 certification (2022: 37 percent). The medium-term goal is to merge all existing management systems into a unified and certified HSE management system for health and safety based on 9001 quality management. An important step was the global rollout of 19 PALFINGER HSE standards globally at all production sites in 2023. These standards on occupational health and safety aspects apply globally to all PALFINGER sites, regardless of whether a certified ISO 45001 management system is already in place.

The standards regulate the areas of HSE and organization, training, occupational health and safety management, environmental management and energy management, emergency management and fire protection. These also include other technical aspects relating to occupational health and safety. Internal and external HSE audits check the implementation of, and compliance with, these standards annually.

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.

Although the program of targeted measures implemented numerous improvements in occupational safety, the TRIR accident rate increased slightly to 11.55 (2022: 11.36). The TRIR target value for 2027 was defined as 10.5.

Information on work-related injuries[1)]	2022	2023
Deaths	-	-
Injuries with serious consequences	2	3
Documentable injuries	268	284
Hours worked	23,589,857	24,526,077

1) For haematomas, sprains and internal injuries, there were multiple entries of injury types in the reporting year, with a maximum of 2 injury types per accident being recorded statistically.

Of 284 reportable work-related injuries, 262 affected permanent employees and 22 contingent workers. Accidents at work caused a total of 6,197 lost working days.

Work-related hazards and remedial measures are available in the form of workplace risk assessments. More detailed accident investigations are carried out in the event of accidents where the cause cannot be determined ad hoc. If necessary, the hazard analyses are supplemented, and countermeasures defined. 205 accident investigations of this kind were carried out in the reporting year.

At the end of the year, a survey of work-related illnesses is carried out by all safety specialists. 12 work-related illnesses were reported in 2023, mainly musculoskeletal disorders.

Number of injuries by injury type[1)]	2022	2023
Hematoma, bruise	63	67
Sprain and strain	41	42
Closed fracture	36	35
Contusions	23	31
Bad cut	17	31
Light cut	37	29
Laceration	17	20
Type of injury unknown	10	17
Stab wound	11	9
Graze wound	8	4
Open fracture	1	3
Burns and scalds	4	3
Internal injuries	1	2
Acute infection	-	2
Concussion	2	1
Chemical cauterisation	-	1
Traumatic amputations (loss of a body part)	1	1
Nausea/dizziness/circulatory problems	-	1
N/A	2	1

1) For haematomas, sprains and internal injuries, there were multiple entries of injury types in the reporting year, with a maximum of 2 injury types per accident being recorded statistically.

PALFINGER's focus on health and safety is reflected in various initiatives and programs. In 2023, a global health & safety initiative in cooperation between PALfit Health Management and Corp. HSE was carried out for the first time. The 2 Hands 10 Friends program from Corp. HSE is aimed at preventing hand injuries. PALfit's Power Up program focused on musculoskeletal disorders and the prevention of associated back problems. The two global health and safety initiatives will continue in 2024.

When starting work, employees receive a documented safety briefing on the hazards and risks in the workplace as part of their general training. These safety instructions are repeated at regular intervals, when procedures and workplaces are changed, and on an ad hoc basis, e.g. in the event of accidents. Around 50 digital HSE training courses were developed for all PALFINGER sites in 2023 (2022: 30). These were made available globally in 15 languages. PALFINGER will be continuously expanding this range of safety training courses over the next few years with the goal of improving safety awareness amongst the workforce.

A group-wide health and safety 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. Safety experts, occupational physicians and the works council are involved in mandatory annual occupational safety committee meetings to represent the interests of employees and ensure their participation.

A QUALIFIED AND DIVERSE WORKFORCE

PALFINGER is an important employer in various regions. At the end of 2023 12,728 people (2022: 12,210) were employed by PALFINGER. In addition, as of year-end 2023 346 (2022: 468) leased workers were employed.

Number and percent	2021	2022	2023	%[1]
Own workforce	**11,733**	**12,210**	**12,728**	
Apprentices and interns	228	226	245	1.9%
Own workforce	**11,733**	**12,210**	**12,728**	
SuccessFactors integrated	10,344	10,826	10,280	80.8%
Not SuccessFactors integrated	1,389	1,384	2,448	19.2%
Contingent workers	**612**	**468**	**346**	**2.7%**
PALFINGER group	**12,345**	**12,678**	**13,074**	

1) The ratio is based on the total number of employees of the company in 2023.
2) PALFINGER reports details such as age, gender, and employment relationship on key figures only for companies that are integrated into the HR system SuccessFactors, as otherwise a non-privacy-compliant transfer of employee detail data would be necessary.
3) Until 2021, apprentices and trainees were reported together in this key figure. From 2022, only apprentices will be reported in relation to a global apprenticeship strategy (comparative value under this definition 2021: 188 and 2020: 180).

As a rule, PALFINGER's employees are mostly permanent, and the number is not subject to seasonal fluctuations. Fixed-term employment contracts (beyond a locally defined probationary period) are not common, apart from a small amount of project work, professional internships and in interim management. In the 2023 financial year, 95.8 percent of employees worked full-time and around 4.2 percent of employees worked part-time (2022: 4.0 percent). 47.6 percent of the company's own employees are covered by collective agreements and 49.0 percent are represented by works councils. Contingent workers (leasing personnel) are used primarily in the production processes at PALFINGER locations.

Number and percent	2021	2022	2023	%[1]
Permanent employment contract				
Gender				
Female	1,305	1,378	1,283	12.5%
Male	8,791	9,214	8,728	84.9%
Regions				
EMEA	5,722	5,983	6,207	60.4%
NAM	1,027	1,003	1,092	10.6%
LATAM	769	788	730	7.1%
APAC	256	309	315	3.1%
CIS[3]	869	919	-	0.0%
MARINE	1,034	1,110	1,118	10.9%
HOLDING	419	480	549	5.3%
	10,096	**10,592**	**10,011**	
Temporary employment contract[2]				
Gender				
Female	30	57	75	0.7%
Male	218	177	194	1.9%
Regions				
EMEA	157	205	223	2.2%
NAM	-	-	-	0.0%
LATAM	-	26	24	0.2%
APAC	2	-	-	0.0%
CIS[3]	52	-	0	0
MARINE	22	2	2	0.0%
HOLDING	15	1	20	0.2%
	248	**234**	**269**	
Own workforce	**10,344**	**10,826**	**10,280**	

1) The key figure is related to the total number of employees 2023.
2) PALFINGER reports details such as age, gender, and employment relationship on key figures only for companies that are integrated into the HR system SuccessFactors, as otherwise a non-privacy-compliant transfer of employee detail data would be necessary.
3) Values for 2023 can no longer be collected for this region due to data protection regulations.

Attracting and retaining experts/talent as well as training and further education are important aspects for PALFINGER. The availability of qualified staff is a challenge worldwide. Fluctuation as well as employment structure play a key role in this context.

PALFINGER set itself the group-wide target of keeping staff turnover at around 15 percent on a rolling average over the last 12 months. In addition to this benchmark, voluntary turnover with a target value of less than 8 percent is used as a control parameter.

Fluctuation in the 2023 reporting year was primarily influenced by structural optimization. Most of the changes made in the marine sector will, however, not have an impact until 2024. The rolling average (twelve months) of employee turnover decreased from 16.5 percent in 2022 to 15.5 percent in 2023. Voluntary fluctuation amounted to 5.2 percent (2022: 6.0 percent). Exit interviews are conducted with employees who decide to leave PALFINGER in order to better understand their reasons and motivation. There was no significant fluctuation in the leased workforce in 2023.

Many vacancies were filled in the reporting period, including in critical areas. 1,984 new hires were made. The Recruiting group policy ensures a standardized group-wide state-of-the-art recruiting process. The quality of the process is based on the principles of transparency, clear communication, fair play, fair remuneration, diversity, quality, and confidentiality. The use of a potential analysis is being implemented successively throughout the group for filling management functions.

Number and percent	**2021**	**2022**	**2023**	**%1)**
Gender				
Female	225	224	202	12.8%
Male	1,371	1,517	1,373	87.2%
Generations				
0–29	359	525	464	29.5%
30–50	824	897	803	51.0%
50+	413	319	308	19.6%
Voluntary fluctuation2)				
PALFINGER Group	550	641	532	33.8%
Regions				
EMEA	623	779	734	46.6%
NAM	384	380	340	21.6%
LATAM	152	174	201	12.8%
APAC	42	36	24	1.5%
CIS4)	122	160	-	0.0%
MARINE	220	149	180	11.4%
HOLDING	53	63	96	6.1%
Employee exits3)	**1,596**	**1,741**	**1,575**	**100.0%**

1) The key figure is related to the total number of employee exits in 2023.
2) Includes self-termination, self-termination during probationary period, unauthorized self-termination, voluntary termination.
3) PALFINGER reports entries and exits only for its own employees of companies that are integrated into the HR system SuccessFactors, as otherwise a transfer of employee detail data that does not comply with data protection regulations would be necessary.
4) Values for 2023 can no longer be collected for this region due to data protection regulations.

Number and percent	2021	2022	2023	%[1]
Gender				
Female	365	356	324	16.3%
Male	2,235	1,951	1,660	83.7%
Generations				
0–29	887	932	757	38.2%
30–50	1,422	1,155	1,048	52.8%
50+	291	220	179	9.0%
Regions				
EMEA	1,209	1,113	986	49.7%
NAM	461	364	437	22.0%
LATAM	370	225	140	7.1%
APAC	37	39	29	1.5%
CIS[3]	176	153	-	0.0%
MARINE	219	254	219	11.0%
HOLDING	128	159	173	8.7%
Employee entries	**2,600**	**2,307**	**1,984**	**100.0%**

1) The ratio is based on the total number of employees entering the company in 2023.
2) PALFINGER reports entries and exits only for its own employees of companies that are integrated into the HR system SuccessFactors, as otherwise a transfer of employee detail data that does not comply with data protection regulations would be necessary.
3) Values for 2023 can no longer be collected for this region due to data protection regulations.

PALFINGER focuses on staff development and comprehensive training and further education measures in order 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). The annual PDR process was completed in full at the end of March 2023 and recorded in the system. The completion rate was 82.8 percent (2022: 87.2 percent).

At PALFINGER, further training is an important part of securing all the necessary technical and social skills for the future. The global learning management system serves as the technical basis for this and bundles all learning and development measures into one system environment. In addition, employees have access to a learning platform that offers over 14,000 e-learning courses. PALFINGER employees have the opportunity to spend two hours of their working time per month on digital and company-relevant learning content in accordance with the Learning group policy. PALFINGER also offers its employees and their family members the opportunity to learn languages via a digital platform. 4,486 PALFINGER employees used the online offerings for 62,076 hours in 2023. In addition to the many additional local training and development courses, this is already showing initial success in preparing employees for future work requirements with the help of digital tools. More individual training measures are agreed in consultation with the respective manager. Tailored management development programs are also available and takes place in alignment with responsible team lead. There are currently no standardized transitional assistance programs at PALFINGER that enable employees to maintain their employability and support them in exiting the workforce following retirement or dismissal.

PALFINGER attaches particular importance to apprentice training both in and outside Austria. The new PALFINGER campus in Lengau, Austria, was completed in 2022. To continue the success story of PALFINGER's apprenticeship training, additional training programs will be offered, and the number of apprentices is to be steadily increased until 2030. The focus on the quality of training was reflected in Austria in the reporting period in the form of numerous victories and top rankings in apprentice competitions. A PALFINGER apprentice was named Austria's best welder in 2023 and also achieved a top ranking of 7th place at the World Skills competition in Cleveland, USA. In addition, the Study and Work training program was launched in Austria in 2022. This enables employees who pass a university entrance exam to complete academic training alongside their professional activity.

Mobile working within the framework of company home-office agreements provides a greater degree of flexibility in collaboration between employees and the company.

PALFINGER generally makes no distinction with regard to the type of employment relationship when awarding company benefits and treats all employees fairly and in a comparable manner. This includes benefits such as company health schemes (PALfit) comprehensive training programs, and monetary benefits. Exceptions in which benefits can only be guaranteed on a pro rata basis exist in individual cases for local tax reasons.

Number and percent	2021	2022	2023	%[1)]
Permanent employment contract[2)]				
Gender				
Female	1,154	1,229	1,138	11.1%
Male	8,818	9,161	8,713	84.8%
	9,972	**10,390**	**9,851**	95.8%
Temporary employment contract[2)]				
Gender				
Female	181	206	220	2.1%
Male	191	230	209	2.0%
	372	**436**	**429**	4.2%
Own workforce	**10,344**	**10,826**	**10,280**	

1) The ratio is based on the total number of employees of the company in 2023.
2) PALFINGER reports details such as age, gender, and employment relationship on key figures only for companies that are integrated into the HR system SuccessFactors, as otherwise a non-privacy-compliant transfer of employee detail data would be necessary.

PALFINGER aims to find the right person for each position. Diversity and equal opportunities play a key role in this. The group diversity strategy was redefined in 2022. The current diversity concept is included in the Corporate Governance section of the report.

PALFINGER is committed to measurable diversity targets and abides by the relevant indicators. The aim is to align the proportion of women in top management with the general proportion of women in the PALFINGER Group. The target of a high proportion of non-Austrians in headquarters functions in Bergheim of 20 percent was exceeded again in 2023 at 26.4 percent (2022: 21.7 percent).

At the end of 2023, 33.3 percent of the members of PALFINGER AG's Supervisory Board were women (2022: 22.2 percent). There were no women on the Executive Board. At the end of 2023, 6.2 percent of positions in the Global Management Team were held by women (2022: 8.3 percent). The overall proportion of women at PALFINGER in 2023 was 12.9 percent (2022: 13.3 percent).

PALFINGER increased measures to raise awareness of diversity in 2023. Awareness workshops on the topic were held with pilot groups and locations in Austria. PALFINGER EMEA also organized PALtalks, PALFINGER's version of TED Talks, on the topic of diversity and corporate culture with the slogan "Reaching the next level through diversity". The focus in the NAM region was on measures connected with the Affirmative Action Plan. There has been a focus on diversity in Brazil since the end of 2022. Key measures such as inclusive leadership training, discussion rounds and lectures on LGBTQIA+, equality, diversity and inclusion were implemented there in 2023.

PALFINGER also attaches great importance to a balanced and diverse composition of participants in all of its internal management development programs.

The company created its own CoE Organizational Development / Change Management in 2023 to increase competence with regard to managing change and consciously shaping transformations internally. Leadership principles and corporate values were also evaluated as part of the GPO Evolution project in order to have the right compass and a strong foundation of values on the road to 2030.

GOVERNANCE

CORPORATE CULTURE AND VALUES

PALFINGER's employees live the company values of entrepreneurship, respect and learning every day. That is why PALFINGER supports and encourages its employees in accordance with the tagline: “We value people. People create value." At PALFINGER, the following leadership principles apply to the Executive Board as well as to all executives: DRIVE. FOCUS. INSPIRE. EMPOWER. DEVELOP. DELIVER.

The current version of PALFINGER’s Code of Conduct defines the essential legal and ethical principles for doing business. Integrity is paramount in all of PALFINGER's activities. The implementation of the Code of Conduct’s standards and compliance with them is important to PALFINGER and is also expected of all employees and business partners. Contracts contain binding references to the PALFINGER Code of Conduct. This Code of Conduct is published on PALFINGER's corporate website. Possible violations of laws and internal policies can be reported via the "Integrity Line".

PALFINGER has defined a catalog of multi-stage actions to prevent corruption or, if need be, investigate any violations. Further details on combating corruption can be found in the Risk Report and the Corporate Governance Report. An annual report on anti-corruption measures is submitted to the Supervisory Board annually, enabling it to fulfill its control obligations. As in previous years, there were no confirmed cases of corruption at PALFINGER in 2023, nor were there any legal proceedings in connection with corruption against the Company or its employees.

No instances of child labor or forced or compulsory labor were identified at any of PALFINGER's sites in 2023 reporting period, nor were any young employees subjected to dangerous work. Reported violations of the law, Code of Conduct or other group policies were continuously evaluated. Where suspicious cases were substantiated, they were investigated by Corp. Internal Audit and appropriate improvement measures were defined with the responsible management. PALFINGER did not have to pay any fines for material violations of legal provisions. There are no lawsuits pending against PALFINGER for anti-competitive behavior.

GOVERNANCE AND TRANSPARENCY

In order to do justice to social change, the requirements of sustainable business apply. To this end, PALFINGER applies the highest reporting standards and a transparent approach to business.

For a description of the organizational structure and process organization as well as corporate governance and compliance, please refer to the relevant sections in the Corporate Governance chapter of the management report and to the consolidated corporate governance report.

PALFINGER is currently confronted with the following megatrends in particular: Sustainability, digitalization and social change. These have a significant influence on PALFINGER's business activities and pose many challenges. The vision and strategy for 2030 addresses the three megatrends and describes how to deal with the associated challenges so that they become an integral part of PALFINER's success by 2030. The megatrends give rise to both risks and opportunities. PALFINGER addresses risks and proactively exploits opportunities. Further details can be found in the risk report of the Management Report.

There are no indications of material violations in the following areas in 2023: environmental laws and regulations; laws and regulations in the social and economic area; in connection with health and safety impacts of products and services; with product and service information or labeling. There are also no indications that PALFINGER committed any material irregularities in connection with marketing and communication measures in the 2023 financial year.

DISCLOSURE PURSUANT TO ARTICLE 8 TAXONOMY REGULATION

The EU taxonomy is a classification system for defining “environmentally sustainable” business activities. It 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). PALFINGER does not conduct any economic activities in connection with natural gas and nuclear energy and does not therefore publish the additional templates for natural gas and nuclear energy.

Taxonomy-conformant and taxonomy compliant revenues, investments (CapEx) together with operating expenses (OpEx) have been recorded for the environmental targets (1) and (2) since 2022. 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. Those of PALFINGER’s economic activities that correspond to the description according to the Delegated Regulation of the Taxonomy Regulation were identified as taxonomy eligible. The respective potentially taxonomy-eligible sales, CapEx and OpEx are collected from employees in the countries for the purpose of assessing taxonomy conformity. These are then analyzed at group level to determine whether taxonomy eligibility actually exists. These were then assigned to one of four other environmental targets in a second step. Compliance with the technical evaluation criteria and "Do No Significant Harm" criteria was verified by the sustainability management with the support of the respective departments. The climate risk analysis conducted to assess the "Do No Significant Harm" criteria was carried out separately according to relevant taxonomy-capable economic activities, taking into account the IPCC standard scenarios and the climate hazards specified in Annex A of Delegated Regulation (EU) 2021/2139. In a final step, group-wide compliance with the minimum protection was analyzed together with the existing due diligence process.

The taxonomy-eligible sales, investments (CapEx) and operating expenses (OpEx) must also be determined for the other environmental targets (3) to (6) for the financial year 2023. In a first step, the taxonomy eligibility was determined in the course of an impact analysis and the collection of key figures per activity. Taxonomy conformity will be reported in the 2024 financial year. There is no double counting between environmental goals because economic activities are only ever reported in one environmental goal. No measures were identified that could make a significant contribution to more than one environmental goal.

From today's perspective, the following economic activities have been identified:

Code	Category	Activities	First-time reporting obligation	
			taxonomy-capable	taxonomy-compliant
CCM 7.3	Construction and real estate	Installation, maintenance and repair of energy-efficient appliances	2021	2022
CCM 7.4	Construction and real estate	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in car parks belonging to buildings)	2021	2022
CCM 7.5	Construction and real estate	Installation, maintenance and repair of equipment for measuring, regulating and controlling the overall energy efficiency of buildings	2021	2022
CCM 7.6	Construction and real estate	Installation, maintenance and repair of renewable energy technologies	2021	2022
CE 5.1	Services	Repair, refurbishment and reconditioning	2023	2024
CE 5.2	Services	Sale of spare parts	2023	2024
CE 5.5	Services	Product as a service and other circular usage and result-orientated service models	2023	2024

Based on the requirements of the German Taxonomy Ordinance (TaxonomieVO), revenue from taxonomy-eligible business activities is reported as a percentage of total group sales in accordance with IAS 1.82a. The sales ratio is calculated as the ratio of sales from taxonomy-eligible business activities to total Group sales. The total additions (before depreciation, amortization, impairment losses and revaluations) in accordance with the statement of intangible assets and property, plant and equipment, including additions of rights of use in accordance with IFRS 16, are included in the denominator for the calculation of the CapEx figure. Additions connected with business combinations are included in CapEx. In addition to capitalized expenditures for assets from taxonomy-compliant sales, the figure also includes expenditures for the purchase of products from taxonomy-compliant economic activities and individual measures to reduce GHG emissions that were implemented and put into operation within 18 months. The existing group-wide reporting system was expanded to determine the CapEx figure.

To ensure compliance with the minimum level of protection in accordance with Article 18 (EU) 2020/852, the standard due diligence process already implemented at PALFINGER was analyzed. The processes already described in the Corporate Governance Report and the non-financial statement were applied within the company. A multi-stage process was introduced to ensure compliance with the minimum level of protection in the supply chain. Pursuant to PALFINGER's General Terms and Conditions of Purchase (“EKB”), suppliers are contractually obliged to adhere to the Code of Conduct published on the website. PALFINGER has also installed a whistleblower system (“Integrity Line”) on its website, which can also be used by third parties to report any shortcomings along the supply chain. The information received is subsequently evaluated by Corp. GRC or investigated by Corp. Internal Audit if the situation requires it. PALFINGER regularly carries out supplier audits on the basis of an annual risk-based audit plan, in which aspects such as the environment, human rights and occupational safety are examined in addition to quality and procurement issues. Supplier audits are also carried out on an ad hoc basis. With the package of measures described above, PALFINGER ensures compliance with the minimum level of protection within the company and along the entire supply chain.

	Year			Substantial contribution criteria						DNSH criteria (Do No Significant Harm) (h)									
Economic activities (1)	**Code(s) (2)**	**Turnover (3)**	**Proportion of Turnover, year 2023**	**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, year 022 (18)**	**Category (enabling activity) (20)**	**Category (transitional activity) (21)**
		Currency	%	Y/N N/EL (b) (c)	Y/N N/EL (b) (c)	Y/N N/EL (b) (c)	Y/N N/EL (b) (c)	Y/N N/EL (b) (c)	Y/N N/EL (b) (c)	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)																			
5.1. Repair, refurbishment and r emanufacturing	CE 5.1.																		
5.2. Sale of spare parts	CE 5.2.																		
5.5. Preparation for re-use of end-of-life products and product components	CE 5.5.																		
Turnover of environmentally sustainable activities (Taxonomy-aligned (A.1)																			
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-eligible but not environmentally sustainable acitivities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
5.1. Repair, refurbishment and remanufacturing	CE 5.1.	102,264.00	4.18	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
5.2. Sale of spare parts	CE 5.2.	222,883.00	9.11	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
5.5. Preparation for re-use of end-of-life products and product components	CE 5.5.	6,886.80	0.28	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activitites) (A.2)		**332,033.80**	**13.58**	%	%	%	%	%	%										
A. Turnover of Taxonomy eligible activities (A.1 + A.2)		**332,033.80**	**13.58**	%	%	%	%	%	%										
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**2,113,818.69**	86.42																
TOTAL		**2,445,852.49**	**100.00**																

No economic activities were identified with which external sales were generated that make a significant contribution to either of the environmental objectives (1) and (2). Therefore, as in the previous year, no taxonomy-compliant or taxonomy-eligible sales were reported for the 2023 reporting year.

Economic activities in environmental objective (4) Transition to a Circular Economy were identified for environmental objectives (3) to (6) in the 2023 financial year, with which external revenue was generated. The relevant revenue is allocated to the economic activities "5.1 Repair, Remanufacturing and Refurbishment", "5.2 Sale of Spare Parts" and "5.5 Product as a Service and Other Recycling and Profit-Oriented Service Models" and reported as taxonomy-eligible in the 2023 financial year. Taxonomy-eligible revenue in environmental objective (4) Circular Economy accounts for 13 percent of the consolidated group revenue of EUR 2,445,852.49 thousand in the 2023 financial year.

	Year			Substantial contribution criteria						DNSH criteria (Do No Significant Harm) (h)									
Economic activities (1)	**Code(s) (2)**	**CapEx (3)**	**Proportion of Capex, year 2023**	**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, year 2022 (18)**	**Category (enabling activity) (20)**	**Category (transitional activity) (21)**
		Currency	%	Y/N N/EL (b) (c)	Y/N N/ EL (b) (c)	Y/N N/EL (b) (c)	Y/N N/EL (b) (c)	Y/N N/EL (b) (c)	Y/N N/EL (b) (c)	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)																			
7.6. Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	784.00	0.43	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.33	E	E
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in car parks belonging to buildings)	CCM 7.4.	145.00	0.08	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.09	E	E
7.3. Installation, maintenance and repair of energy-efficient appliances	CCM 7.3.	196.00	0.11	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00		
CapEx of environmentally sustainable activities (Taxonomy-aligned (A.1)		1,125.00	0.62	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	2.36		
Of which Enabling		929.00	0.51	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	2.36	E	
Of which Transitional			0.00	%						Y	Y	Y	Y	Y	Y	Y	0		T
A.2 Taxonomy-eligible but not environmentally sustainable acitivities (not Taxonomy-aligned activities) (g)																			
				EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)										
7.3. Installation, maintenance and repair of energy-efficient appliances	CCM 7.3.	833.00	0.46	EL	N	N/ EL	N/ EL	N/ EL	N/ EL								0.11		
7.5. Installation, maintenance and repair of equipment for measuring, regulating and controlling the overall energy efficiency of buildings	CCM 7.5.	11.00	0.01	EL	N	N/ EL	N/ EL	N/ EL	N/ EL								0.03		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activitites) (A.2)		844.00	0.47	%	%	%	%	%	%								0.14		
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		**1,969.00**	**1.09**	%	%	%	%	%	%								**2.50**		

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities	178,790.00	98.91
TOTAL	**180,759.00**	**100.00**

For environmental objective (1), the group-wide reporting system was used to record taxonomy-eligible and taxonomy-compliant investments. The marked investments from individual measures were then analyzed by the sustainability management with the respective departments for taxonomy conformity. The taxonomy-eligible CapEx individual measures are 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 in parking lots belonging to buildings)"; "7.5 Installation, Maintenance and Repair of Equipment for Measuring, Regulating and Controlling the Energy Performance of Buildings"' and "7.6 Installation, Maintenance and Repair of Renewable Energy Technologies". All taxonomy-eligible and taxonomy-compliant CapEx are additions to property, plant and equipment. A CapEx plan in accordance with Delegated Regulation (EU) 2021/2178, Annex I, point 1.1.2.2. was not available in the 2023 reporting period. No taxonomy-eligible or taxonomy-compliant investments are reported for the environmental objective (2) Adaptation to Climate Change.

The investments falling under 7.3 in 2023 relate to local refurbishment measures on and in buildings, i.e. expenditure on windows, doors, replacement of building insulation, lighting and heating or heating pipes. The investments allocated to 7.5 include expenses for new air filter and ventilation systems as well as control elements for energy savings. Investments attributable to these two economic activities will be reported as taxonomy-eligible in 2023. Taxonomy conformity could not be achieved for economic activity 7.5 due to a lack of the necessary evidence of compliance with the technical evaluation criteria. The investments under 7.4 relate to expenses for newly installed charging stations at the Bergheim site in Austria. Investments in activity 7.3 mainly relate to investments in heating, ventilation and air conditioning (HVAC) systems. 7.6 includes the installation of a new photovoltaic system at the site in Lazuri, Romania.

The technical evaluation criteria were met for the economic activities 7.4, 7.6 and partially for 7.3. The site-specific climate risk and vulnerability analyses required to avoid significant impairment of the second environmental objective were also carried out. The worst-case climate scenario RCP8.5 and the RCP4.5 climate scenario were used as the basis for these analyses. No significant risks were identified that would require plans for remedial solutions. Additional "Do No Significant Harm" criteria were not required for economic activities 7.4 and 7.6, as no corresponding requirements are specified in Delegated Regulation (EU) 2021/2139.

In the reporting year, suitable investments resulted from individual measures in property, plant and equipment in accordance with IAS 16 amounted to EUR 1,125.00 thousand (2022: EUR 3,390.0 thousand), which corresponds to 0.62 percent of the group's total additions (2022: 2.36 percent). The change compared to the previous year is due to a decrease in the investment volume with regard to individual measures.

No capex-relevant economic activities were identified for environmental targets (3) to (6) in the 2023 financial year.

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 one percent of the total consolidated expenses for the 2023 financial year to the value of EUR 2,272.48 thousand. A calculation of the numerator per economic activity was therefore omitted for reasons of materiality, as OpEx is immaterial for PALFINGER's business model as defined by the EU taxonomy.

GRI CONTENT INDEX

GRI Standard	GRI Disclosure UN Global Compact	Page	Omission	Notes
GENERAL DISCLOSURES				
Organizational profile				
GRI 2: General Disclosures 2021	**2-1**: Organizational profile	10, 191-192		
	2-2: Entities that are included in the sustainability reporting of the organization	175-177		Audit scope corresponds to report scope.
	2-3: Reporting period, reporting frequency and contact point	48		Reporting period 1.1.2023 - 31.12.2023, annual publication.
	2-4: Correction or restatement of information	-		No corrections of previous year's figures required.
	2-5: External examination	185-186		
	2-6: Activities, value chain and other business relationships	3-7, 12-30		
	2-7: Employees UNGC 3-6	58-61		
	2-8: Staff members who are not employees	58-61	PALFINGER reports details such as age, gender and employment relationship on key figures only for companies that are integrated into the HR system SuccessFactors, as otherwise a transfer of employee detail data that does not comply with data protection would be necessary.	
	2-9: Governance structure and composition	77-83		
	2-10: Nomination and selection of the highest supervisory organ	77-83		The nomination and selection procedures for the highest supervisory organ and its committees are governed by section 87 para 2 AktG and rule 43 of the ÖCGK. The consideration of criteria is also regulated in § 87 para 2 AktG. The election is held for 5 years by the general meeting, thus the interests of the shareholders and owners are safeguarded.
	2-11: Chairperson of the supreme supervisory organ	77-83		
	2-12: Role of the highest governance organ in overseeing the management of impacts	48-49, 77-83		

GRI Standard	GRI Disclosure UN Global Compact	Page	Omission	Notes
	2-13: Delegation of responsibility for the management of impacts	39-40, 48-50, 77-83		
	2-14: Role of the highest governance organ in sustainability reporting	40-41, 53-55, 79-85		
	2-15: Conflicts of interest	8-10, 30, 77-83		
	2-16: Transmission of critical concerns	18-19, 62, 77-83	Regarding 2-16b, no systematic survey was conducted in the reporting year; the implementation of the requirement will be evaluated in 2024.	
	2-17: Accumulated knowledge of the highest supervisory organ	12-20, 48-50, 79-83		Ongoing reporting to the Executive Board and Supervisory Board regarding regulatory developments and resulting requirements.
	2-18 Assessment of the performance of the highest governance body	-		In accordance with Rule 36 of the Austrian Code of Corporate Governance, the Supervisory Board conducts an annual self-evaluation. Measures derived from this evaluation included, in particular, the further improvement of meeting documents and a separat consideration of topic-secific priorities in the committees. No other measures were in place in 2023.
	2-19: Remuneration policy	77-84		The remuneration policy is also published on the www.palfinger.ag.
	2-20: Procedure for determining the remuneration	77-84		The remuneration policy is also published on the www.palfinger.ag.
	2-21: Ratio of total annual remuneration	-	Data and benchmarks are currently not available in this level of detail; by 2024, systems will be adapted so that an evaluation is possible.	
	2-22: Application statement on the Sustainable Development Strategy	7, 12-20, 51-52		
	2-23: Declaration of Commitment on Principles and Action UNGC 10	12-20, 51-52, 62-63, 77-83		The group guidelines are approved by Corporate GRC. The Code of Conduct can be found at: https://www.palfinger.ag/en/code-of-conduct
	2-24: Inclusion of political commitments	12-20, 48-50, 62-63, 77-83		

GRI Standard	GRI Disclosure UN Global Compact	Page	Omission	Notes
	2-25: Procedure for the elimination of negative impacts	12-20, 39-44, 48-68, 77-83		The due diligence process is presented for each material topic, further information can be found in the risk report and a complaints mechanism has been set up by the Integrity Line.
	2-26: Procedure for seeking advice and reporting concerns	18-19, 62-63		An Integrity Line allows concerns and advice to be submitted anonymously.
	2-27: Compliance with laws and regulations	63, 18-20		
	2-28: Membership in associations and interest groups	48		
	2-29: Approach to stakeholder engagement	48-50		
	2-30: Collective agreements	-		
Disclosure of material issues				
GRI 3: Material topics 2021	**3-1:** Procedure for determining material topics	50-52		
	3-2: List of material topics	50-52		
	3-3: Management of material issues	50-52		

TOPIC-SPECIFIC STANDARDS

GRI Standard	GRI Disclosure UN Global Compact	Page	Omission	Notes
ENVIRONMENT				
Material Aspect: **Energy Consumption and Emissions in Production and at PALFINGER Sites**				
GRI 3: Material topics 2021	**3-3:** Management of material issues	50-52, 52-65		
GRI 302: Energy 2016	**302-1:** Energy consumption within the organization UNGC 7-9	52-55		PALFINGER has no cooling energy or steam consumption and does not sell energy.
	302-3: Energy intensity	52-55		
	302-4: Reduction of energy consumption	52-55	The total energy consumption could be reduced by 2 percent compared to previouse year. A direct allocation to individual initiatives to reduce energy consumption (fuel, electricity, heating) is not possible for 2023 due to the large number of individual measures. The data will probably be available from 2024 onwards.	
GRI 305: Emissions 2016	**305-1:** Direct GHG-Emissions (Scope 1) UNGC 7-9	52-55		PALFINGER does not produce any biogenic CO2 emissions.
	305-2: Indirect energy-related THG emissions (Scope 2) UNGC 7-9	52-55	Location-based Scope 2 emissions are not relevant to control: For PALFINGER, the practical application of the market-based approach makes more sense.	
	305-3: Other indirect GHG Emissions (Scope 3) UNGC 7-9	52-55		In the 2023 reporting year, a suitable methodology for calculating total Scope 3 emissions was developed and the corresponding values for 2022 and 2023 were determined.
	305-4: GHG emission intensity UNGC 7-9	52-55		
	305-5: Reduction of GHG emissions	52-55	Analogous to the reduction of energy consumption, it is not possible to allocate the reduction of GHG emissions to individual initiatives in 2023. Site-specific recording is implemented in the HSE Action Plan 2024.	
Material Aspect: **Emissions in Product Application and Environmental Impacts in the Value Chain**				
GRI 3: Material topics 2021	**3-3:** Management of material issues	50-52, 55		
	302-5: Reducing the energy demand for products and services	54-55	The process for measuring the reduction of energy consumption of PALFINGER products was only rolled out in 2022; the collection of specific data can probably be started in 2024.	
GRI 305: Emissionen 2016	**305-3:** Other indirect GHG emissions (Scope 3) UNGC 7-9	54-55		

GRI Standard	GRI Disclosure UN Global Compact	Page	Omission	Notes
SOCIAL				
Material aspect: Safety of PALFINGER products and applications				
GRI 3: Material topics 2021	**3-3:** Management of material issues	50-52, 55-56		
GRI 416: Customer health and safety 2016	**416-1:** Assessing the health and safety impacts of different categories of products and services	55-56		Regardless of fault, every incident is documented and investigated. Due to PALFINGER's business model, service incidents are not recorded separately.
	416-2: Violations related to the health and safety impacts of products and services	55-56		
Specially defined	Accidents in connection with PALFINGER products	55-56		
Material aspect: health and safety of employees				
GRI 3: Material topics 2021	**3-3:** Management of material issues	50-52, 56-57		
GRI 403: Occupational safety and health protection 2018	403-1: Management system for occupational safety and health protection	56-57		
	403-2: Hazard identification, risk assessment and incident investigation	56-57		
	403-3: Occupational health services	56-57		
	403-4: Employee participation, consultation and communication on occupational health and safety	56-57		
	403-5: Employee training on occupational safety and health protection	56-57		
	403-6: Promoting the health of employees	56-57		
	403-7: Avoidance and minimisation of occupational health and safety impacts directly related to business relationships	56-57		
	403-8: Employees covered by an occupational health and safety management system	56		
	403-9: Work-related injuries	56-57	There is no systematic listing of work-related hazards and corrective measures, but this is expected to be possible from 2024 as part of the expansion of ISO45001.	
	403-10: Work-related diseases	56-57		

GRI Standard	GRI Disclosure UN Global Compact	Page	Omission	Notes
Material aspect: education and training, attracting and retaining experts/talent				
GRI 3: Material topics 2021	**3-3:** Management of material issues	50-52, 58-61		
GRI 401: Employment 2016	**401-1:** Newly hired employees and employee turnover UNGC 3-6	58-60		
	401-2: Company benefits offered only to full-time employees, but not to temporary or part-time employees	60-61		
	401-3: Parental leave	-	Currently not collected, as a global comparison is not possible due to different legal regulations. In addition, for data protection reasons, it is not actively collected which employees have become parents.	
GRI 404: Education and training 2016	**404-1:** Average number of hours for education and training per year and employee	60		
	404-2: Programmes to improve employees' skills and transitional assistance	60-61		
	404-3: Percentage of employees receiving regular performance and career development reviews	60		

GRI Standard	GRI Disclosure UN Global Compact	Page	Omission	Notes
Material aspect: Diversity and Equal Opportunities				
GRI 3: Material topics 2021	**3-3:** Management of material issues	50-52, 62-63		
GRI 405: Diversity and equal opportunities 2016	**405-1:** Diversity in supervisory organs among employees UNGC 3-6	61		
	405-2: Ratio of women's basic salary and remuneration to men's basic salary and remuneration UNGC 3-6		Data cannot currently be analysed from systems with sufficient granularity; work is currently underway to implement this and it is expected to be possible by 2024.	

GRI Standard	GRI Disclosure UN Global Compact	Page	Omission	Notes
GOVERNANCE				
Material aspect: Compliance with and Leadership Commitment to Values, Legal and Ethical Standards				
GRI 3: Material topics 2021	**3-3:** Management of material issues	50-52, 62		
GRI 205: Fighting corruption 2016	**205-1:** Operating sites audited for corruption risks	-		Permanent establishments are audited for corruption risks on an ad hoc basis. In the reporting year, no (0) operating sites were audited. Corruption risks in general and "fraud" in particular were identified as risks.
	205-2: Communication and training on anti-corruption policies and procedures	-	In the year under review, there was no systematic survey of the training courses completed by staff members; corresponding data will probably be available for the year 2024.	All employees and members of the controlling organ are informed about anticorruption measures, and PALFINGER's suppliers are required to accept the Code of Conduct.
	205-3: Confirmed incidents of corruption and measures taken UNGC 10	18, 62		
Material aspect: Clear internal policies, standardized processes				
GRI 3: Material topics 2021	**3-3:** Management of material issues	50-52, 62-63		
Material aspect: transparency and correct reporting				
GRI 3: Material topics 2021	**3-3:** Management of material issues	50-52, 62-63		
Material aspect: Deal with megatrends				
GRI 3: Material topics 2021	**3-3:** Management of material issues	50-52, 62-63		

Bergheim, March 5, 2024

Andreas Klauser
CEO

Felix Strohbichler
CFO

Alexander Susanek
COO

Maria Koller
CHRO

Consolidated Corporate Governance Report

PALFINGER
Annual Report 2023

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 56.4 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 2022 financial year.

This procedure and approach also apply with respect to the committee members (rule no. 39).

No agreements in accordance with rule no. 48 were submitted to the Supervisory Board for approval during the year 2023.

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 directs 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

The Management Board of PALFINGER AG consisted of three members throughout the 2023 financial year, with one change in the Management Board member responsible for Development and Production. Since 8 January 2024, the Executive Board has consisted 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)	01/07/2023	30/06/2028	male; born in 1975; DE
Maria Koller	(CHRO)	01/08/2024	01/09/2029	female; born in 1972; AT
Martin Zehnder	(COO)	1/1/2008	17/04/2023	male; born in 1967; CH

1) Diversity factors include gender, age, and nationality.

Andreas Klauser

CEO – CHIEF EXECUTIVE OFFICER (SINCE JUNE 1, 2018)
Born in 1965, Andreas Klauser began his career at STEYR Landmaschinentechnik in Upper Austria. He was responsible for the integration of twelve brands and nine business units in Turin, Italy, as the COO of CNH Industrial for the EMEA region until 2015. Most recently, Klauser was a member of the CNH Industrial board of directors based in the USA and Global Brand President of Case IH and STEYR. Andreas Klauser has been Chief Executive Officer of PALFINGER AG since June 2018. In this capacity, his responsibilities include Sales & Service, Business Development, P21st/Digital Transformation, Marketing & Communication, Sustainability, as well as Investor Relations and Sponsoring.

Andreas Klauser is also chairman of the supervisory boards of Trivest AG.

Felix Strohbichler

CFO – CHIEF FINANCIAL OFFICER (SINCE OCTOBER 1, 2017)
Born in 1974, Strohbichler became head of PALFINGER's Legal department in 2000. He went on to hold numerous executive positions in several areas of the PALFINGER Group, most recently that of EMEA Area Manager in charge of Marketing, Sales and Service, and Finance and Controlling. From May 2015 to September 2017 Strohbichler was managing director of B&C Industrieholding GmbH. In his capacity as CFO of PALFINGER AG, he has been responsible for the areas of Controlling, Accounting, Tax, Treasury, Risk Management, Internal Auditing, Compliance, Sales & Operations Planning, Process and Quality Management, and Information and Communications Technology since October 2017.

Alexander Susanek

COO – CHIEF OPERATING OFFICER (SINCE JULY 1, 2023)
Born in 1975, Alexander Susanek began his career at MAN Trucks & Bus SE in Munich. After holding various specialist and management positions, he was General Manager of the assembly plant for heavy trucks in Niepolomice, Poland, from 2011 to 2014. He moved to the BMW Group in 2014. After holding positions as Head of Passenger Car Prototype Construction in Munich and Assembly Manager at the Regensburg plant, he took over as Managing Director of BMW Motoren GmbH in 2020, managing the BMW Group's largest engine plant worldwide in Steyr. Since November 2022, he has been responsible for global drive production at BMW. Since July 2023 he has been responsible for the worldwide manufacturing and assembly area as Chief Operating Officer. In addition, his responsibilities include Product Line Management, Research & Development, Procurement, Health, Safety & Environment (HSE), and Supply Chain Management.

Maria Koller

CHRO – CHIEF HUMAN RESOURCES OFFICER (SINCE JANUARY 8, 2024)
Born in 1972, business psychologist Maria Koller began her professional career in 1998 as an HR expert at Alcatel in Austria. She then moved to NextiraOne in Stuttgart, where she worked as Human Resources Director for Germany from 2002. She built on her international experience from 2004 to 2006 in Paris at Platinum Equity, the owner of NextiraOne, as Human Resources Director for Europe. In 2007, she took on senior HR roles in the Danaher Group in the UK and Germany. In 2017, she took on the role of Executive Vice President Global HR at JENOPTIK AG. Maria Koller has been CHRO at PALFINGER AG since January 2024. She is responsible for human resources and legal affairs.

Martin Zehnder

COO – CHIEF OPERATING OFFICER (FROM JANUARY 1, 2008 UNTIL APRIL 17, 2023)
Born in 1967, Martin Zehnder began his career at Alstom Schienenfahrzeuge AG in 1984. From 2000 to 2005 he was managing director of development and production at Keystone Europe in France. In 2005, Zehnder took charge of all production facilities in the PALFINGER Group as Global Manufacturing Manager. From 2008 to 2023 he was responsible for the worldwide manufacturing and assembly area as Chief Operating Officer. In addition, his responsibilities included Product Line Management, Research & Development, Procurement, Health, Safety & Environment (HSE), and Supply Chain Management.

Martin Zehnder was also a member of the Supervisory Board of Rosenbauer International AG during the period in which he exercised his mandate for PALFINGER.

The Board of Management has overall responsibility for sustainability. The functions of Group Data Protection Officer and Issuer Compliance Officer also report to the full Board of Management.

Group Management Report, Remuneration of the Executive Board and Supervisory Board, page 167

SUPERVISORY BOARD

In 2023, the Supervisory Board of PALFINGER AG initially consisted initially of six members elected by the Annual General Meeting and three members delegated by the Works Council. Between the end of March 2023 and the middle of August only one member of the Works Council was delegated effective to the Supervisory Board. Two further members were delegated with effect from 16 August 2023, meaning that three members have been delegated by the Works Council again since then. The Supervisory Board was chaired by Hubert Palfinger. His deputies were Gerhard Rauch and Hannes Palfinger.

Six Supervisory Board meetings (four ordinary meetings and two extraordinary meetings) were held in 2023. The main topics of the Supervisory Board meetings in 2022 were: the appointment of two new members of the Executive Board, important location and investment projects, the current business development, as well as the effects of the challenging economic conditions in connection with the interest rate and economic landscape, the ongoing Ukraine war and the continued challenging situation on the procurement markets. Other focal points included measures to reduce costs and capital employed, integration, restructuring and expansion projects, risk management and the internal control system as well as anti-corruption measures, sustainability priorities and the strategic orientation of the PALFINGER Group for the coming years.

Group Management Report, Report of the Supervisory Board, p. 166

Name	Initial appointment	End of the term of office	Diversity factors[2)]
Hubert Palfinger (Chairman of the Supervisory Board since 12/10/2013)	4/13/2005	AGM 2025	male; born in 1969; AT
Gerhard Rauch (First Deputy Chairman since 6/6/2016)	3/9/2016	AGM 2026	male; born in 1963; AT
Hannes Palfinger (Second Deputy Chairman since 12/10/2013)	3/30/2011	AGM 2026	male; born in 1973; AT
Hannes Bogner	3/8/2017	AGM 2027	male; born in 1959; AT
Isabel Diaz Rohr	8/5/2020	AGM 2025	female; born in 1967; ESP/GER
Sita Mazumder	7.4.2021	AGM 2026	female; born in 1970; CH
Johannes Kücher[1)]	2/6/2015	[1)]	male; born in 1963; AT
Claudia Weindl[1)]	8/16/2023	[1)]	female; born in 1991; AT
Alois Weiss[1)]	12/20/2017	resigned on 3/31/2023, reappointed on 8/16/2023[1)]	male; born in 1971; AT
Erwin Asen[1)]	13/2/2006	resigned on 3/31/2023[1)]	male; born in 1962; AT

1) Delegated by the works council.
2) Diversity factors include gender, age, and nationality.

Hubert Palfinger

CHAIRMAN OF THE SUPERVISORY BOARD

After 15 years in various companies of the PALFINGER Group, Hubert Palfinger took over the management of Industrieholding GmbH in 2004. He has been a member of the Supervisory Board of PALFINGER AG since 2005 and became Deputy Chairman in September 2008. In 2013, he was elected Chairman of the Supervisory Board. Hubert Palfinger is also managing director of HP Immobilien GmbH.

Gerhard Rauch

FIRST DEPUTY CHAIRMAN
As a managing partner of the Walser Group, Gerhard Rauch has wide-ranging experience in truck body manufacturing and vehicle construction and has worked with the PALFINGER Group in this business area for decades. Mr. Rauch is managing partner of Walser GmbH and chairman of the board of Walser Schweiz AG (general agency Palfinger). He is also Chairman of the Board of Directors of Walser Zizers AG, Managing Partner of Kulhay Yachtwerft GmbH and managing partner of G.R. Property Ltd. Mr. Rauch is also Co-owner of Rauch Fruchtsäfte GmbH & Co OG. Furthermore, Mr. Rauch is the economic co-owner of Rauch Private foundation and beneficial owner of E.R. private foundation. He has been a member of the supervisory board since 2016 PALFINGER AG and 1st Deputy Chairman.

Hannes Palfinger

SECOND DEPUTY CHAIRMAN
After studying business administration and pursuing a career as an athlete, Hannes Palfinger spent three years working for PricewaterhouseCoopers in Vienna as an assistant auditor. From 2007 to 2010, he held an executive position at Palfinger Systems GmbH. Hannes Palfinger is currently managing director of Clear Holding GmbH, HP Immobilien GmbH, Industrieholding GmbH, and Audiodata Lautsprecher GmbH. He has been a member of the Supervisory Board of PALFINGER AG since 2011 and Second Deputy Chairman since 2013.

Other positions held by members of the Supervisory Board

Hannes Bogner

In addition to being a member of the Supervisory Board of PALFINGER AG, Hannes Bogner has a seat on the supervisory boards of Oberbank AG, BKS Bank AG, and the Bank für Tirol und Vorarlberg AG.

Isabel Diaz Rohr

In addition to her function as a member of the Supervisory Board of PALFINGER AG, Isabel Diaz Rohr has also been a member of the Shareholders' Committee of Voith Management GmbH since 1 October, 2021, and a member of the Supervisory Board of Voith GmbH & Co. KGaA since 7 December, 2021.

Sita Mazumder

Sita Mazumder was elected to the Supervisory Board of PALFINGER AG on 7 April 2021. In addition to her function 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 Digitization Committee and a member of the Federal Electricity Commission ElCom (Berne), where she chairs the Market Surveillance Committee. Furthermore, Ms. Mazumder is a member of the Board of Directors and the Nomination and Compensation Committee of Clientis AG (Bern), where she is the chairwoman of 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.

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.

Remuneration of the Executive Board and Supervisory Board, p. 167
www.palfinger.ag/en/company/management

SUPERVISORY BOARD COMMITTEES

Audit Committee

The decision-making authority of the Audit Committee of PALFINGER AG complies with the provisions of the AktG. In 2023, the Audit Committee held three meetings dealing with the 2023 financial statements, the internal control system, risk management, IFRS/accounting topics, internal audits, and cooperation with the independent auditor.

The following were members of the Audit Committee in 2023: Hannes Bogner (Chairman, financial expert), Hubert Palfinger, Gerhard Rauch, Hannes Palfinger, and 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 held seven meetings in 2023 and dealed with the selection and nomination of two new members of the Executive Board for election by the Supervisory Board.

The following were members of the Nomination Committee in 2023: Hubert Palfinger (Chairman), Gerhard Rauch, Hannes Palfinger, Hannes Bogner and Isabel Diaz Rohr.

Remuneration Committee

At its three meetings in 2023, the Remuneration Committee dealt with the remuneration of Executive Board members and held feedback discussions with each member of that Board. Furthermore, the Remuneration Committee 2023 was involved in the establishment of contracts and remuneration for two new members of the Executive Board, the termination of the contract of Mr. Zehnder, the preparation of a new long-term-incentive-program for the Executive Board as well as the remuneration report for the Annual General Meeting 2023.

The following were members of the Remuneration Committee in 2023: Hubert Palfinger (Chairman), Gerhard Rauch, Hannes Palfinger, Hannes Bogner and Isabel Diaz Rohr.

Remuneration of the Executive Board and Supervisory Board, p. 167 and 168

Project Committee

The Project Committee is entrusted with the in-depth examination of research and development projects and the preparation of related reporting and resolution items for the Supervisory Board. In one meeting in 2023, the Project Committee dealt in particular with the organization of Product Line Management & Engineering and the current projects in both the product lines and the Centers of Excellence.

Members of the Project Committee in 2023 were: Hubert Palfinger (Chairman), Hannes Palfinger, Isabel Diaz Rohr and Johannes Kücher.

Digital Committee

The Digital Committee focuses in detail on digital technologies and the preparation of items for reports and resolutions on this issue for the Supervisory Board. In its two meetings in 2023, the Digital Committee in particular undertook ongoing monitoring of existing projects and digitalization initiatives in the business units and shed light on data protection organization and compliance.

Members of the Digital Committee in 2023: Sita Mazumder (Chair), Isabel Diaz Rohr, Hannes Palfinger and Johannes Kücher.

AUDITOR

PwC Wirtschaftsprüfung GmbH, Vienna, was proposed by the Supervisory Board as the auditor of the 2023 financial statements and consolidated financial statements of PALFINGER AG and elected by the Annual General Meeting on March 30, 2023.

Auditor's reports, p. 179

DIVERSITY PLAN

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

With Maria Koller there has been a woman in the Executive Board since January 2024. This equals to a percentage of 25 percentage within the Executive Board. Two women were involved in the Supervisory Board, which equals to a percentage of 22 percent. Four top management positions in the Global Management Team were held by women in the 2023 fiscal year. In 2023, the share of women in the Group was 12.9 percent (2022: 13.3 percent), compared to a share of women in top management of 6.2 percent (2022: 8.3 percent). At the levels below, the share of female managers roughly corresponds to the gender ratio of the Group as a whole. PALFINGER specifically addresses female high potentials at job fairs and supports, for example, the "Mini Girls Day" and "Neugierig ins Leben" (Curious about Life) organized by the province of Salzburg. PALFINGER is increasingly trying to recruit women for new and follow-up management positions.

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. An amendment to the remuneration policy was presented to the Annual General Meeting on March 30, 2023, and approved.

Further, at the Annual General Meeting on August 5, 2020, the remuneration of the Supervisory Board in fiscal year 2020 and the ensuing years was revised. A further adjustment to Supervisory Board compensation was made at the Annual General Meeting on April 7, 2021. The compensation policy and the compensation report in accordance with § 78c and § 98a AktG is available to all interested parties on the company website (www.palfinger.ag).

www.palfinger.ag/en/investors/corporate-governance

EXTERNAL EVALUATION

According to C-rule 62 of the Austrian Corporate Governance Code (ÖCGK), the company must regularly, but at least every three years, appoint an external institution to assess the company's compliance with the Code's C-rules. PALFINGER has appointed PWC Wirtschaftsprüfung GmbH to assess the 2021 Corporate Governance Report with the exception of rules 77 through 83. Compliance with rules 77 through 83, providing these are C-rules, was assessed by Schönherr Rechtsanwälte GmbH.

The assessment came to the conclusion that PALFINGER adheres to nearly all C-rules (comply or explain), with the exception of the above mentioned rules nr. 39 and nr. 53, of the Austrian Code of Corporate Governance in the version of January 2023.

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

Bergheim, March 5, 2024

Andreas Klauser
CEO

Felix Strohbichler
CFO

Alexander Susanek
COO

Maria Koller
CHRO

Consolidated financial statement, information on transactions with related parties, page 165
www.palfinger.ag/en/investors/corporate-governance

DEFINITION OF KEY FIGURES

FINANCES

Capital Employed	Reflects capital investment and is calculated as: • Intangible assets • Plus property, plant and equipment, equity interests and net working capital
Current Capital	Current capital is composed of inventories and trade receivables on the assets side and trade payables and advances received on the liabilities side.
EBT	(Earnings before taxes) are the company's earnings before deduction of income tax.
EBIT	(Earnings before interest and taxes) is the company's operating result.
EBITDA	(Earnings before interest, taxes, depreciation, and amortization) is the operating result before amortization of intangible assets and depreciation of property, plant and equipment.
Earnings per share	The ratio of consolidated profit or loss for the period to the weighted average number of shares in circulation.
EVA	(Economic value added) indicates the increase in the value of the company. ROCE minues WACC multiplied by average capital employed.
Free Cashflow	Indicates the amount of cash available, for example to distribute to shareholders or to service debt: • Cash flows generated from operating and investing activities • Plus interest on borrowings • Minues tax-deductible interest expenses
Gearing Ratio	The indicator of the company's debt. The ratio of net financial debt to equity in percent.
Net financial debt	Calculated as: • noncurrent and current financial liabilities • less • long-term and short-term securities • long-term loans • cash and cash equivalents
Net investment	capital expenditures in intangible assets, property, plant and equipment, investment property and share holdings, minus disposals.
CAPEX	(Capital Expenditure) denotes capitalized expenditures, i.e. capital expenditures for property, plant and equipment and intangible assets.

Net Working Capital	The absolute surplus of current assets over current liabilities.
NOPLAT	(Net operating profit less adjusted taxes) is calculated as: • EBIT • Minus taxes on EBIT
ROCE	(Return on capital employed) indicates the rate of return generated on capital invested in the company. Ratio of NOPLAT and average capital employed (from the prior-year reporting date to current reporting date) in percent
ROE	(Return on equity) is a measure of the company's profitability that presents the result in relation to the equity deployed. Ratio of taxed earnings and average equity (from the prior-year reporting date to current reporting date) in percent
WACC	(Weighted average cost of capital) is a measure of the average cost of capital employed (debt and equity).

EMPLOYEES

Full-time equivalent	The full-time equivalent is calculated from the contractually agreed working hours of an employee. These are set in relation to the normal working hours of a full-time employee.
Turnover	Defined as the number of employees that have left the company in a twelve-month period, including retirees. Turnover is the number of departures expressed as a percentage of the total headcount at the end of the previous year. This ratio does not take into consideration any new employees joining the company.
TRIR (Total Recordable Injury Rate)	The number of work-related accidents with injuries (fatalities, accidents with lost time, accidents with medical/medical treatment, accidents with reduced ability to work) in relation to 1 million hours worked.
Percentage of women at top-management level	All employees who are members of the Global Management Team are set in relation to the total number of members of the Global Management Team.

ENVIRONMENT

Internal production-related CO2 emissions	Internal production-related CO2 emissions include direct emissions from fuels (Scope 1) and indirect emissions from electricity and district heating (Scope 2).
Intensity quotient of GHG emissions	Total internal production-related CO2 emissions in tonnes per billion euros in sales.

Consolidated Financial Statement

as at December 31, 2023

PALFINGER
Annual Report 2023

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	Jan-Dec 2022	Jan-Dec 2023
Revenue	15, 67	2,226,241	2,445,852
Cost of sales	17, 23, 24, 25	(1,714,694)	(1,818,410)
Gross profit		**511,547**	**627,442**
Other operating income	16	35,587	37,741
Research and development costs	18, 24, 25	(60,992)	(70,089)
Distribution costs	19, 24, 25	(164,118)	(173,947)
Administrative costs	20, 24, 25	(153,154)	(182,290)
Other operating expenses	21	(29,936)	(43,593)
Income from companies reported at equity	22	11,465	14,931
Earnings before interest and taxes - EBIT		**150,399**	**210,195**
Interest income	26	1,956	3,598
Interest expenses from financial liabilities	26	(12,699)	(34,920)
Other interest expenses	26	(1,522)	(1,548)
Exchange rate differences	26	(4,420)	(3,997)
Other financial result	26	(32)	43
Financial result		**(16,717)**	**(36,824)**
Earnings before income tax		**133,682**	**173,371**
Income tax	27, 66	(34,787)	(47,419)
Result after income tax		**98,895**	**125,952**
attributable to shareholders of PALFINGER AG (consolidated net profit or loss for the period)		**71,372**	**107,673**
attributable to non–controlling interests		**27,523**	**18,279**
EUR			
Earnings per share (undiluted and diluted)	44	2.05	3.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	Jan-Dec 2022	Jan-Dec 2023
Result after income tax		**98,895**	**125,952**
Amounts that will not be reclassified to the income statement in future periods			
Remeasurement according to IAS 19	50	8,374	9
Deferred taxes thereon		(2,187)	(3)
		6,187	**6**
Amounts that may be reclassified to the income statement in future periods			
Unrealized gains (+) / losses (-) from foreign currency translation of foreign subsidiaries		7,774	(36,439)
Unrealized gains (+) / losses (–) from foreign currency translation of entities reported at equity/non-current assets held for sale	31	(180)	(4,155)
Unrealized gains (+) / losses (–) from foreign currency translation of long-term loans to foreign subsidiaries (pursuant to IAS 21.15)		8,746	(1,170)
Deferred taxes thereon		(1,104)	488
Effective taxes thereon		(876)	(384)
Gains (+) / losses (–) on cash flow hedges	46		
Changes in unrealized profits (+) / losses (–)		4,397	(6,658)
Deferred taxes thereon		(1,341)	1,727
Effective taxes thereon		206	(188)
Realized gains (–) / losses (+)		3,014	2,094
Deferred taxes thereon		(60)	(642)
Effective taxes thereon		(563)	187
		20,013	**(45,140)**
Other comprehensive income after income tax		**26,200**	**(45,134)**
Total comprehensive income		**125,095**	**80,818**
attributable to shareholders of PALFINGER AG		**97,736**	**68,566**
attributable to non–controlling interests		**27,359**	**12,252**

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	12/31/2022	12/31/2023
Non-current assets			
Intangible assets	1, 2, 3, 28, 59	257,751	249,570
Property, plant and equipment	2, 29, 30,60	524,406	595,301
Interest in entities reported at equity	5, 22, 31	57,767	62,362
Other non-current assets	34	5,165	4,639
Deferred tax assets	9, 32, 66	22,423	20,030
Non-current financial assets	33, 55, 63	11,430	5,304
		878,942	**937,206**
Current assets			
Inventories	8, 35, 61	580,025	619,862
Trade receivables	6, 36, 55, 36, 63	311,157	318,862
Contract assets from customer contracts	36, 63	36,204	17,246
Other current receivables and assets	38	77,068	83,797
Income tax receivables	27, 66	10,430	1,788
Current financial assets	13, 37, 55, 63	3,242	5,803
Cash and cash equivalents	39, 55, 63	61,120	76,538
		1,079,246	**1,123,896**
Assets		**1,958,188**	**2,061,102**
Equity			
Share capital	40	34,767	34,767
Share premium	41	86,844	86,844
Treasury stock	42	(96,667)	(96,667)
Retained earnings	44, 45, 46	645,645	723,083
Currency translation reserve	43	(56,951)	(92,583)
Total equity attributable to shareholders of PALFINGER AG		**613,638**	**655,444**
Non-controlling interests	47	61,235	60,073
		674,873	**715,517**
Non-current liabilities			
Non-current financial liabilities	4, 30, 48, 55, 63	563,824	607,362
Non-current purchase price liabilities from acquisitions	12, 49, 55, 63	1,126	938
Non-current provisions	10, 50, 64, 65	43,353	42,384
Deferred tax liabilities	32, 66	7,607	6,038
Non-current contract liabilities from customer contracts	54	4,281	4,047
Other non-current liabilities	51	395	520
		620,586	**661,289**
Current liabilities			
Current financial liabilities	4, 55, 63	121,417	148,190
Current purchase price liabilities from acquisitions	12, 49, 55, 64	13,112	821
Current provisions	11, 52, 65	34,598	44,400
Income tax liabilities	27, 66	12,816	18,896
Trade payables and other current liabilities	53, 55, 64	430,061	405,862
Current contract liabilities from customer contracts	54	50,725	66,127
		662,729	**684,296**
Equity and liabilities		**1,958,188**	**2,061,102**

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 1/1/2022		**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	44	-	-	-
Remeasurement according to IAS 19	50	-	-	-
Gains (+)/losses (–) from cash flow hedge	46	-	-	-
		-	**-**	**-**
		-	**-**	**-**
Transactions with shareholders				
Dividends	45	-	-	-
Addition of non-controlling interests[1)]		-	-	-
Disposal of non-controlling interests[2)]		-	-	-
Other changes		-	-	-
		-	**-**	**-**
As at 12/31/2022		**34,767**	**86,844**	**(96,667)**
As at 1/1/ 2023		**34,767**	**86,844**	**(96,667)**
Total comprehensive income				
Result after income tax		-	-	-
Other comprehensive income after income tax				
Unrealized gains (+)/losses (–) from foreign currency translation	44	-	-	-
Remeasurement according to IAS 19	50	-	-	-
Gains (+)/losses (–) from cash flow hedge	46	-	-	-
		-	**-**	**-**
		-	**-**	**-**
Transactions with shareholders				
Dividends	45	-	-	-
Disposal of non-controlling interests[2)]		-	-	-
Other changes		-	-	-
		-	**-**	**-**
As at 12/31/2023		**34,767**	**86,844**	**(96,667)**

1) The additions to shares without non-controlling interests include non exercised put-option PSI EUR 300 thousand as well as the capital increase in PSI EUR 666 thousand.
2) The disposals of shares without non-controlling interests include the acquisitions of the minorities Guima EUR -4,768 thousand and Palfinger Protugal EUR -2,390 thousand.

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	
619,189	**(13,804)**	**(584)**	**(71,513)**	**558,232**	**55,625**	**613,857**
71,372	-	-	-	71,372	27,523	98,895
-	-	-	14,562	14,562	(201)	14,360
-	6,149	-	-	6,149	38	6,187
-	-	5,653	-	5,653	-	5,653
-	**6,149**	**5,653**	**14,562**	**26,364**	**(163)**	**26,200**
71,372	**6,149**	**5,653**	**14,562**	**97,736**	**27,359**	**125,095**
(26,770)	-	-	-	(26,770)	(15,557)	(42,327)
(666)	-	-	-	(666)	966	300
(14,891)	-	-	-	(14,891)	(7,158)	(22,049)
(3)	-	-	-	(3)	-	(3)
(42,330)	**-**	**-**	**-**	**(42,330)**	**(21,749)**	**(64,079)**
648,231	**(7,655)**	**5,069**	**(56,951)**	**613,638**	**61,235**	**674,873**
648,231	**(7,655)**	**5,069**	**(56,951)**	**613,638**	**61,235**	**674,873**
107,673	-	-	-	107,673	18,279	125,952
-	-	-	(35,632)	(35,632)	(6,029)	(41,661)
-	4	-	-	4	2	6
-	-	(3,479)	-	(3,479)	-	(3,479)
-	**4**	**(3,479)**	**(35,632)**	**(39,107)**	**(6,027)**	**(45,134)**
107,673	**4**	**(3,479)**	**(35,632)**	**68,566**	**12,252**	**80,818**
(26,770)	-	-	-	(26,770)	(13,404)	(40,175)
11	-	-	-	11	(11)	-
-	-	-	-	-	1	1
(26,760)	**-**	**-**	**-**	**(26,760)**	**(13,414)**	**(40,174)**
729,144	**(7,651)**	**1,590**	**(92,583)**	**655,444**	**60,073**	**715,517**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand		Jan-Dec 2022	Jan-Dec 2023
Cash flows from operating activities			
Result before income tax		133,682	173,371
Depreciation, amortization and impairment losses (+)/ reversal of impairment losses (-) on non-current assets		79,257	92,646
Gains (–)/losses (+) on the disposal of non-current assets	16, 21	522	(593)
Interest income (-)/interest expenses (+)	26	12,265	32,870
Income from companies reported at equity	22, 31	(11,465)	(14,931)
Non-cash change in purchase price liabilities	49, 55	(888)	131
Other adjustments for non-cash items		1,604	12,346
Increase (-)/decrease (+) in assets		(188,679)	(74,262)
Increase (+)/decrease (-) in provisions		1,620	8,386
Increase (+)/decrease(-) in liabilities		54,831	6,510
Net cash flow from operating activities		**82,749**	**236,474**
Interest received		1,855	3,598
Interest paid		(10,569)	(28,809)
Dividends received from companies reported at equity	31	18,113	6,283
Cash payments for the acquisition of subsidiaries in prior years	49, 55	-	(1,238)
Income taxes paid		(46,000)	(29,647)
		46,148	**186,661**
Cash flows from investing activities			
Proceeds from sales of intangible assets and property, plant and equipment		5,709	2,538
Purchase for the acquisition of intangible assets and property, plant and equipment		(116,135)	(155,488)
Cash payments for the acquisition of subsidiaries net of cash acquired[1)]		-	(2,280)
Cash payments for the aquisition of business oerations[1)]		(4,670)	-
Cash payments for the acquisition of subsidiaries in prior years		(560)	(11,212)
Cash receipts for the disposal of entities reported at equity in prior year		15,136	-
Cash payments for the acquisition of entities reported at equity	31	-	(100)
Cash payments for the aquisition of investments and other financial assets		(111)	(1,014)
Cash receipts from the sale of securities		-	10
Cash receipts for other assets		14,832	1,833
		(85,799)	**(165,713)**
Cash flows from financing activities			
Dividends to shareholders of PALFINGER AG	45	(28,947)	(26,770)
Dividends to non-controlling shareholders	47	(15,557)	(13,399)
Cash payments for the acquisition of non-controlling interests	47	(21,322)	-
Repayment of financing for the acquisition of investments		(8,783)	(38,783)
Raising of long-term financing		290,395	154,000
Repayment of maturing/terminated loans		-	(31,733)
Repayment of maturing/terminated promissory note loans		(71,000)	(8,000)
Repayment of current financing		(182,164)	(147,617)
Repayment of lease liabilities		(12,343)	(15,147)
Raising of short-term financing		110,215	130,000
		60,494	**2,551**
Total cash flows		**20,843**	**23,499**
Free cash flow[2)]		**(29,443)**	**46,521**

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	2022	2023
Funds as at 1/1	39	39,834	61,120
Effects of changes in exchange rates		443	(8,081)
Total cash flows		20,843	23,499
Funds as at 12/31	**39**	**61,120**	**76,538**

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, 2023 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 Business Code, these consolidated financial statements have an exempting effect under Austrian law; all additional requirements of sec. 245a (1) of the 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, 2023 were audited by PwC Wirtschaftsprüfung GmbH, Wien, Austria. On March 5, 2024, the Executive Board of PALFINGER AG approved the consolidated financial statements as at December 31, 2023 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, 2023.

CONSOLIDATION POLICIES

Scope of consolidation

PALFINGER AG prepares the consolidated financial statements for the PALFINGER Group. The consolidated financial statements comprise the financial statements of PALFINGER AG and the financial statements of the entities controlled by PALFINGER AG as at December 31 of each year. Control has been established if an entity has the right to direct an investee's relevant activities, if it generates variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Associated companies and joint ventures are included in the consolidated financial statements using equity method accounting. An associated company is an entity over which PALFINGER AG may exercise significant influence by participating in its financial and operating policy decisions but over which it has neither control nor joint control. There is a rebuttable presumption that the investor holds 20 to 50 percent of voting rights. A joint venture is a joint arrangement between PALFINGER and one or more other partners under which the parties having joint control of the joint venture hold rights to the net assets of this entity.

The scope of consolidation, including PALFINGER AG as the parent company, is disclosed in the investment overview.

Restructurings

Immobiliare San Celestino S.R.L., Italy, was merged effictive July, 1, 2023 to Palfinger Lifting Solutions Italy S.R.L., Italy.

Start-ups

Palfinger GBS Bulgaria EOOD (Bulgaria) was founded on May 30, 2023 as a 100 percent subsidiary of Palfinger EMEA GmbH (Austria).

Palfinger Marine Australia Pty Ltd. (Australia) was founded on August 4, 2023 as a 100 percent subsidiary of Palfinger Asia Pacific Pte. Ltd. (Singapore).

Furthermore, on August 4, 2023, Palfinger Interlift LLC, USA, was founded as a 100 percent subsidiary of Palfinger US Holdings Inc., USA.

Liquidations

Palfinger Marine Korea Ltd., South Korea, was liquidated effective March 31, 2023. The deconsolidation result amounts to EUR 445 thousand.

Furthermore, the company Noreq BV, Netherlands, was liquidated effective April 25, 2023. The deconsolidation result amounts to EUR -21 thousand.

Acquisitions

On March 16, 2023, Palfinger Lifting Solutions Italy S.r.l. signed and closed the acquisition of 100 percent of Immobiliare San Celestino S.R.L. (Italy). The transfer of control also took place on this date.

The acquired company is the owner of a property rented by the PALFINGER Group and has no other business activities. According to IFRS 3.2b, the acquired company therefore does not constitute a business operation. The acquisition costs of EUR 2,280 thousand were allocated to the identifiable assets at the acquisition date.

Consolidated financial statements, List of shareholdings, p. 175

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	12/31/2022	12/31/2023	Jan-Dec 2022	Jan-Dec 2023
BRL	5.6386	5.3618	5.4748	5.4128
CAD	1.4440	1.4642	1.3757	1.4606
GBP	0.8869	0.8691	0.8537	0.8702
NOK	10.5138	11.2405	10.1027	11.3950
RMB	7.3582	7.8509	7.0836	7.6589
RUB	76.7058	99.3757	72.8380	92.1794
USD	1.0666	1.1050	1.0563	1.0816

SEGMENTS

The Executive Board of PALFINGER AG manages the Group based on the segments Sales & Service, Operations and Tail Lift. This segment structure follows the strategy pursued by the Executive Board as well as the organizational and management structures and separates the different customer segments and business models from each other.

PALFINGER divides its business into the segment Sales & Service and segment Operations. The other segments include the non-reportable Tail Lift segment and the Holding unit. The HOLDING unit comprises the Group's administrative expenses and strategic projects for the future.

In May 2023, the decision was made to restructure the Tail and Passenger Lifts product line. This is accompanied by the separation from the GPO structure, due to comparatively lower synergies with the other product lines– the product line will be managed independently of the Sales & Service and Operations segments and therefore forms an independent business segment. The change in organization and segmentation affects the EMEA business for 2023 and the NAM business from 2024 onwards. The thresholds listed in IFRS 8 for a separate reportable segment have not been met; therefore, in accordance with IFRS 8.16, the segment is reported together with the holding unit under other non-reportable segments. The amounts for the previous year were adjusted retrospectively.

Group management report, Performance by segment, p. 36

SEGMENT SALES & SERVICE

Segment Sales & Service comprises the sales and service units.

The segment Sales & Service already has a diversified product portfolio. In this segment, the strategy is to maintain market and technology leadership and, in regions that are still being established and are less developed, to introduce customers to existing products, further strengthen sales and service structures and expand market share.

SEGMENT OPERATIONS

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

Other segments

The other segements include the non-reportable segment Tail Lift as well as the Holding unit.

The segment Tail Lift comprises the production and sales of the Tail Lifts in Europe.

The HOLDING unit encompasses 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 (reporting date) is composed of intangible assets, property, plant and equipment, investments in entities accounted for using the equity method, non-current operating assets, and net working capital.

Group management report, financial position, cash flows, and results of operations p. 35

Transfer pricing

The transfer prices are determined in accordance with the OECD guidelines. The requirement of arm's length and transparency have priority when 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 in accordance with a standardized functional and risk analysis.

Services are subdivided into different groups and the 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 2022[1)]

EUR thousand	SALES & SERVICE	OPERATIONS	Other Segments	Consolidation	Total
External revenue	1,969,307	203,613	53,321	-	2,226,241
Intra-group revenue	47	1,275,722	64,248	(1,340,017)	-
Total revenue	**1,969,354**	**1,479,336**	**117,568**	**(1,340,017)**	**2,226,241**
Depreciation, amortization and impairment	(23,026)	(40,161)	(15,969)	-	(79,156)
thereof impairment	(55)	(523)	-	-	(578)
Income from companies reported at equity	11,656	(191)	-	-	11,465
EBIT	149,877	45,337	(44,815)	-	150,399
Segment assets	1,233,259	992,353	1,049,683	(1,317,106)	1,958,188
thereof shares from companies reported at equity	36,571	21,196	-	-	57,767
Segment liabilities	710,757	730,300	1,076,951	(1,234,693)	1,283,315

1) The previous year's figures have been adjusted.

Jan–Dec 2023

EUR thousand	SALES & SERVICE	OPERATIONS	Other Segments	Consolidation	Total
External revenue	2,237,518	155,336	52,999	-	2,445,852
Intra-group revenue	-	1,517,726	19,799	(1,537,524)	-
Total revenue	**2,237,518**	**1,673,061**	**72,798**	**(1,537,524)**	**2,445,852**
Depreciation, amortization and impairment	(25,131)	(45,699)	(21,848)	-	(92,678)
thereof impairment	(1,945)	(3,176)	(3,565)	-	(8,686)
Income from companies reported at equity	14,863	68	-	-	14,931
EBIT	207,658	61,806	(59,269)	-	210,195
Segment assets	1,317,190	1,029,010	998,124	(1,283,222)	2,061,102
thereof shares from companies reported at equity	42,432	19,930	-	-	62,362
Segment liabilities	743,824	716,397	1,151,358	(1,265,994)	1,345,585

Revenues by product group are broken down as follows:

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Crane	1,198,091	1,386,705
Hydraulic Systems	488,427	566,321
Service	335,807	336,760
Made-to-order	203,613	155,336
Others	303	730
Revenue	**2,226,241**	**2,445,852**

The Crane product group consists primarily of the Loader Crane, Stiff Boom Crane, Timber and Recycling Cranes, and Marine and Wind Cranes products. In the Hydraulic Systems product group, products include taillift, platforms, hooklift, truck mounted forklift and railway, as well as marine products such as davits, boats and offshore. The Service unit combines the service business for all other product groups. Contract manufacturing relates to the external sales reported in the Operations segment.

No single external customer contributes more than 10 percent to external revenue.

Revenue broken down by geographical area is presented in Note (15).

Notes to the consolidated income statement, (15) Revenue p. 108

INFORMATION ON GEOGRAPHICAL AREAS

Non-current assets are broken down as follows:

EUR thousand	12/31/2022	12/31/2023
Intangible assets		
Denmark	1,678	1,675
Germany	29,588	26,198
France	16,340	16,391
Austria	99,377	108,075
Croatia	1,285	1,289
Netherlands	13,055	9,793
Norway	34,675	32,285
Remaining foreign countries	3,977	3,643
Romania	5,580	5,477
Russia	15,708	11,879
Sweden	8,185	7,606
Spain	4,441	3,892
USA	8,096	6,762
United Arab Emirates	15,766	14,604
	257,751	**249,570**
Property, plant and equipment		
Brazil	11,628	14,448
Bulgaria	69,636	73,205
Denmark	3,304	3,106
Germany	41,804	67,830
France	5,979	5,316
Austria	161,439	183,421
Italy	5,623	8,047
Canada	4,511	4,233
Croatia	6,183	5,922
Netherlands	4,196	3,549
Norway	3,200	2,519
Poland	13,276	14,396
Remaining foreign countries	13,194	17,907
Romania	39,244	47,788
Russia	39,715	31,346
Sweden	6,076	7,886
Slovenia	33,444	36,306
Spain	3,348	2,806
USA	58,606	65,273
	524,406	**595,301**
Other non-current assets		
Brazil	3,417	2,951
China	545	514
Denmark	21	64
Germany	96	39
France	74	74
India	50	60
Austria	198	188
Remaining foreign countries	290	250
Russia	177	253
Spain	209	175
USA	88	72
	5,165	**4,639**

STANDARDS AND INTERPRETATIONS TO BE APPLIED FOR THE FIRST TIME OR IN THE FUTURE

The following new, revised and/or supplemented IASB Standards and IFRS IC Interpretations must be applied for the first time in the fiscal year 2023. 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 12 Income taxes: International Tax Reform - Pillar Two Model Rules (published in May 2023)	January 1, 2023	November 8, 2023
Amendments to IFRS 17 - Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information (published in December 2021)	January 1, 2023	September 8, 2022
Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (published in May 2021)	January 1, 2023	August 11, 2022
Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (published in February 2021)	January 1, 2023	March 2, 2022
Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (published in February 2021)	January 1, 2023	March 2, 2022
IFRS 17 - Insurance Contracts (published in May 2017); including Amendments to IFRS 17 (published in June 2020)	January 1, 2023	November 19, 2021

Various new accounting standards and interpretations have been published but are not mandatory for the reporting period ending December 31, 2023 and have not been applied early. The effects of these new regulations on current or future reporting periods as well as foreseeable future transactions are not considered material in the Group.

They are therefore not relevant for these consolidated financial statements:

Standards/Interpretations	Mandatory application
Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements (issued in May 2023)	January 1, 2024
Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current Date (issued in January 2020); Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued in July 2020); Non-current Liabilities with Covenants (issued in October 2022)	January 1, 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued in September 2022)	January 1, 2024
Amendments to IAS 21 - The Effects to Changes in Foreign Exchange Rates: Lack of Exchangeability (issued in August 2023)	January 1, 2025

USE OF ESTIMATES AND DISCRETIONARY DECISIONS

The preparation of the consolidated financial statements requires the use of estimates and assumptions that can influence the stated values of assets, liabilities, and financial obligations as of the balance sheet date as well as the income and expenses for the financial year. The actual values may differ from these estimates. The principle of a true and fair view is applied unconditionally in the use of all estimates. Risks which may result from climate change are taken into account in the relevant individual items. Based on an analysis of the short, medium and long-term impact of climate risks and the company's own climate targets, no significant risks or significant future-oriented assumptions subject to uncertainty have been identified that affect the recognition and measurement of individual items in the financial statements. These findings result from the climate risk and vulnerability analysis conducted in accordance with the EU taxonomy regulation together with the business model and strategic orientation of the company. PALFINGER as a company is not particularly affected by climate change due to the nature of its business activities. There is considerable risk associated with some of the most important assumptions regarding the future and other key sources of estimation uncertainty at the balance sheet date that it will be necessary to significantly adjust the carrying amounts of assets and liabilities within the next fiscal year; these assumptions and estimates are disclosed below.

(1) Purchase price allocations

Purchase price allocations made in the course of business acquisitions require assumptions as to the existence and measurement of the assets acquired (in particular intangible assets) and liabilities and contingent liabilities assumed. Assumptions – in particular regarding cash flows and the discount rate – are used when determining fair values in the course of the purchase price allocation.

(2) Impairment of non-financial assets

The impairment tests performed by PALFINGER with respect to goodwill, intangible assets with indefinite useful lives and unfinished capitalized development projects are based on calculations of value in use, for the purpose of which a discounted cash flow method was applied. The recoverable amount depends highly on the discount rates used under the discounted cash flow model and the expected future cash inflows. Impairment losses on non-financial assets are reported in accordance with the cost of sales structure. More details on the impairment of non-financial assets are provided in Note (28) Intangible assets and Note (29) Property, plant and equipment.

(3) Development costs

Development costs are capitalized in accordance with the presented accounting policies. The initial capitalization of costs is based on the management's assessment that technical and economic feasibility has been demonstrated. As a rule, this is the case if a product development project has reached a certain milestone in an existing project management model. For the purpose of determining the amounts to be capitalized, the management makes assumptions regarding the volume of future cash flows expected from the project, the discount rates to be applied, and the period in which the flow of future benefits is expected. The capitalized development costs relate primarily to development activities in the areas of Cranes, Platforms, Tail Lifts, Services, Railway Systems, Offshore Cranes, Davits, and Boats. The impairment test is based on the use of the individual asset regardless of the profit expectations of the unit as a whole. Further details on capitalized development costs can be found under Note (28) Intangible assets.

(4) Determination of the duration and interest rate of leases – the Group as lessee

The Group determines the duration of the lease based on the non-cancelable base term of the lease as well as by factoring in the periods arising from an option to extend the lease if it is sufficiently certain that the Group will exercise such an option, or the periods arising from an option to terminate the lease if it is sufficiently certain that the Group will not exercise such an option. The Group has entered into multiple leases that include options to extend and terminate the lease. It makes discretionary decisions when assessing whether there is sufficient certainty that the option to extend or to terminate the lease will be exercised or not exercised, i.e. it considers all relevant factors representing an economic incentive for the Group to exercise the option to extend or to terminate the lease. These discretionary decisions must be scrutinized and re-evaluated as circumstances change, which can result in an adjustment of the lease term and thus to adjustments to the lease liability and the right-of-use. After the provision date, the Group determines the term of the lease once again if a significant event or a change in circumstances has occurred that lies within its control and has an influence on whether it will exercise the option to extend or terminate the lease (e.g. carrying out key tenant's improvements or a material adjustment of the underlying asset). In the case of building leases, the renewal options are generally applied in full because it does not make economic sense to change properties at short notice. In addition, options to extend vehicle leases are not included in the term of the lease, since as a rule the Group leases vehicles for a period of not more than five years and consequently does not exercise options to extend such leases. Furthermore, periods associated with an option to terminate a lease are only included in the term of the lease if it is sufficiently certain that the option will not be exercised. If the exchange of a right-of-use is associated with high costs or expense, it is considered sufficiently certain as a rule that the option to extend the lease will be exercised.

Please refer to Note (30) Leases for details regarding potential future lease payments for periods occurring after the date on which the option to extend or terminate a lease is exercised that are not factored into the lease term.

Lease payments are discounted using the interest rate on which the lease is based, providing it can be readily determined. Otherwise – and this is generally the case in the Group – the lessee's marginal borrowing rate is discounted. This marginal borrowing rate is the interest rate the respective lessee would have to pay to borrow funds to purchase an asset of comparable value for a comparable term with comparable collateral in a comparable economic environment.

(5) Interests in entities reported at equity

Assumptions and estimates are made with respect to the assessment of impairment in the case of interests in entities reported at equity. The recoverability of interest in entities held in connection with SANY (Sany Palfinger SPV Equipment Co. Ltd., and Palfinger Sany International Mobile Cranes Sales GmbH) reported at equity depends on the development of the Chinese economy, the success of the internationalization strategy, and the economic development of the sales markets of Palfinger Sany International Mobile Cranes Sales. In China, the recoverability of these interests is influenced primarily by the development of the construction industry. Increasing urbanization, the resulting necessary infrastructure projects, the increase in wage costs, and the increased profitability of the automation of lifting, loading, and unloading operations will play a vital role in this regard. In the international markets, there are various political and macroeconomic risks that might have an impact on the recoverability of interest held in connection with the partnership with SANY (also see in this regard Scope of consolidation). The shares held in entities reported at equity in connection with SANY (Sany Palfinger SPV Equipment Co. Ltd., Palfinger Sany International Mobile Cranes Sales GmbH) are joint ventures; management of the companies is exercised jointly and no property rights exist. The carrying amounts and further details regarding interests in entities reported at equity can be found in Note (31) Interests in entities reported at equity.

(6) Measurement of receivables

In addition to the standardized measurement of receivables based on an analysis of historical data and an assessment of future developments, taking into account the number of days overdue and country risk, the likelihood of receiving payment is assessed for the application of specific valuation allowances on receivables. Previous experience with specific customers, their creditworthiness, and any collateral provided are taken into account here. Impairment losses on receivables and contract assets are presented in Note (36) Trade receivables and contract assets from contracts with customers. Uncollectible receivables are de-recognized.

(7) Revenue recognition from contract manufacturing and rendering of services

Revenue from contract manufacturing and the rendering of services is reported based on the percentage of completion method. When applying this method, PALFINGER estimates the percentage of services already rendered by the balance sheet date in proportion to the overall scope of the orders and the order costs yet to be incurred. Further details on revenue recognition from contract manufacturing and the rendering of services can be found under Note (15) Revenue and Note (36) Trade receivables and contract assets from contracts with customers.

(8) Measurement of inventories

A standardized obsolescence measurement method has been implemented in order to account for the risk of obsolescence. In addition to actual and planned consumption, minimum inventories, and inventory range specifications, this method also takes into account alternative uses of materials. Furthermore, the economic benefit of inventories on hand is also reviewed on a case-by-case basis and, if necessary, additional allowances are recorded on the basis of long-term storage, limited distribution channels, or defects in quality. In addition, a systematic review of finished goods is carried out with a view to achieving loss-free measurement, which is basically characterized by the expected sales prices, currency developments, the date of sale, and the costs yet to be expected. Further details on allowances for inventories can be found under Note (35) Inventories.

(9) Deferred tax assets

Deferred tax assets are recognized for all unused tax loss carry-forwards to the extent that it is likely that taxable income will be available for this purpose so that the loss carry-forwards can in fact be used. In the case of loss carry-forwards not subject to expiration, their usability within the next five years is taken as the decisive factor. Important discretionary decisions must be made by the management with respect to the anticipated time of occurrence and the amount of future taxable income as well as future tax planning strategies when determining the amount of the deferred tax assets that can be capitalized. Further details regarding deferred taxes can be found in Note (32) 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 (50) Non-current provisions.

(11) Provisions for guarantee and warranty expenses

When forming provisions for guarantee and warranty expenses, guarantee and warranty obligations are taken into consideration using a standardized method. This method is significantly influenced by the timing of warranty claim, specific product replacement campaigns, reimbursement rates for suppliers, the development of the revenue subject to warranty, and assumptions regarding gross profit margins on the basis of the warranty process implemented. Provisions for guarantee and warranty expenses are presented in Note (52) Current provisions.

(12) Purchase price liabilities from acquisitions

Purchase price liabilities from business acquisitions include purchase price portions not yet payable that depend on the future development of the earnings of the acquired entities. Therefore, a change in the expected underlying values can lead to an adjustment of the carrying amounts recognized in profit or loss. These estimates are based on the PALFINGER Group’s strategic corporate planning for the medium term. Details are provided in Note (49) Purchase price liability from acquisitions and in Note (55) Financial instruments.

(13) Cash flow hedge

With respect to the accounting treatment of cash flow hedges for future cash flows, it is assumed that these cash flows are highly likely to occur. Hedge accounting is discontinued if the expected transaction is no longer expected to occur. Details can be found in Note (55) Financial instruments.

(14) Changes in estimates

No material changes were made to estimates in fiscal year 2023.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(15) Revenue

Jan–Dec 2022

EUR thousand	Sales & Service	Operations	Other segments	PALFINGER Group
EMEA	1,097,488	152,790	52,644	1,302,922
NAM	497,525	13,060	430	511,016
LATAM	123,304	13,496	183	136,983
CIS	141,653	18,237	63	159,953
APAC	104,799	6,031	-	110,830
Revenue from contracts with customers (IFRS 15)	**1,964,770**	**203,613**	**53,321**	**2,221,704**
Revenue other	4,537	-0	-	4,537
Revenue total	**1,969,307**	**203,613**	**53,321**	**2,226,241**

Jan–Dec 2023

EUR thousand	Sales & Service	Operations	Other segments	PALFINGER Group
EMEA	1,293,916	118,514	52,501	1,464,930
NAM	585,464	13,749	-	599,214
LATAM	120,361	6,834	173	127,368
CIS	103,490	11,295	3	114,787
APAC	129,390	4,944	322	134,656
Revenue from contracts with customers (IFRS 15)	**2,232,621**	**155,336**	**52,999**	**2,440,955**
Revenue other	4,898	0	-	4,898
Revenue total	**2,237,518**	**155,336**	**52,999**	**2,445,852**

The split up by geographical area is based on the location of customers' registered offices. Other revenue consists primarily of income from the rental business. Revenue was generated in the amount of EUR 113,568 thousand (previous year: EUR 89,502 thousand) in Austria, PALFINGER's country of origin.

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

EUR thousand	2022	2023
Within one year	35,808	16,805
More than one year	396	441
Expected future revenue	**36,204**	**17,246**

	Operations		Sales & Service		Other segments	
EUR thousand	Jan–Dec 2022	Jan–Dec 2023	Jan–Dec 2022	Jan–Dec 2023	Jan–Dec 2022	Jan–Dec 2023
Revenue from the sale of products	203,613	155,336	1,918,714	2,184,130	53,320	52,999
Revenue from contract manufacturing and rendering of services	-	-	50,593	53,388	-	-
Revenue	**203,613**	**155,336**	**1,969,307**	**2,237,518**	**53,320**	**52,999**

Revenue from service rendering business originates from the Megarme companies and service companies in the segment Sales & Service and relate to service work implemented as the implementation of contracts progresses.

(16) Other operating income

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Income from the disposal of intangible assets and property, plant and equipment	1,677	2,168
Income from charges for services	1,275	2,022
Exchange rate differences	18,997	18,177
Income from reimbursements under insurance policies	3,081	1,334
Rental income	375	356
Income from the sale of chassis	-	4,259
Income from the sale of advertising material	5	-
Income from business transactions with employees	2,214	1,456
Income from other grants	615	1,648
Refund other taxes	650	71
Miscellaneous other operating income	6,698	6,249
Other operating income	**35,587**	**37,741**

For information on exchange rate differences, please refer to Note (55) Financial Instruments, item 3 Foreign currency risk.

(17) Cost of sales

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Changes in inventories and other work performed by entity and capitalized	(534)	(22,328)
Cost of materials and purchased services	(1,176,104)	(1,201,039)
Employee expenses	(351,504)	(392,323)
Depreciation, amortization and impairment expenses	(46,340)	(56,518)
Outgoing freight costs	(35,514)	(32,806)
Guarantees and warranties	(18,192)	(27,105)
Repair and maintenance expenses	(20,151)	(20,066)
Rentals and leases	(3,877)	(5,074)
Commission expenses	(1,038)	(3,459)
Contingent workers and other third-party services	(14,710)	(12,250)
Energy costs	(25,569)	(22,322)
Travel expenses	(3,713)	(4,092)
Vehicles	(3,532)	(3,649)
Consultancy services	(3,057)	(4,334)
Office and IT expense	(4,145)	(3,762)
Insurance expense	(2,039)	(2,132)
Taxes other than income tax expenses	(2,544)	(2,486)
Miscellaneous other operating expenses	(2,133)	(2,666)
Cost of sales	**(1,714,694)**	**(1,818,410)**

Cost of sales increased at a slightly higher rate than revenues. Gross profit margin decreased slightly to 26 percent (previous year: 23 percent).

(18) Research and development costs

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Changes in inventories and other work performed by entity and capitalized	12,751	15,473
Cost of materials and purchased services	(1,777)	(1,937)
Employee expenses	(60,413)	(72,164)
Depreciation, amortization and impairment	(2,025)	(1,996)
Income from research grants	3,874	4,704
Consultancy services	(7,492)	(6,070)
Contingent workers and other third-party services	(2,169)	(2,765)
Travel expenses	(1,288)	(2,036)
Office and IT expenses	(1,133)	(1,312)
Miscellaneous other expenses	(1,319)	(1,986)
Research and development costs	**(60,992)**	**(70,089)**

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 19,465 thousand (previous year: EUR 12,842 thousand) are reported in the cost of sales. The total research and development costs therefore amounted to EUR 89,554 thousand (previous year: EUR 73,834 thousand).

(19) Distribution costs

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Changes in inventories and other work performed by entity and capitalized	(55)	(157)
Cost of materials and purchased services	(2,220)	(2,201)
Employee expenses	(104,947)	(115,953)
Depreciation, amortization and impairment	(13,305)	(13,836)
Advertising, representation and market expenses	(16,785)	(9,976)
Travel expenses	(6,245)	(7,320)
Contingent workers and other third-party services	(2,517)	(5,343)
Vehicle fleet	(2,872)	(3,139)
Transport costs	(668)	(633)
Consultancy services	(5,215)	(5,987)
Commission expenses	(1,151)	(870)
Office and IT expenses	(2,490)	(2,637)
Rentals and leases	(1,204)	(1,055)
Repair and maintenance	(1,796)	(1,737)
Miscellaneous other operating expenses	(2,649)	(3,105)
Distribution costs	**(164,118)**	**(173,947)**

(20) Administrative costs

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Changes in inventories and own work capitalized	7,433	9,345
Cost of materials and purchased services	(124)	(277)
Personnel expenses	(79,506)	(97,779)
Depreciation, amortization and impairment	(17,486)	(20,329)
Consultancy services	(18,423)	(20,484)
Contingent workers and other third-party services	(12,219)	(14,755)
Office and IT expenses	(12,564)	(9,316)
Travel expenses	(2,537)	(3,697)
Vehicle fleet	(803)	(970)
Advertising, representation and market costs	(3,566)	(4,065)
Rentals and leases	(1,177)	(1,143)
Taxes other than on income	(1,984)	(2,125)
Insurance	(5,247)	(4,727)
Bank charges	(1,655)	(1,983)
Repair and maintenance	(2,005)	(2,549)
Miscellaneous other expenses	(1,291)	(7,434)
Administrative costs	**(153,154)**	**(182,290)**

Fees charged by the auditor

The following fees for the services provided in the fiscal year 2023 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 2022	Jan–Dec 2023
Audit of the consolidated financial statements and related certification services (including reviews)	(735)	(787)
thereof PwC Wirtschaftsprüfung GmbH	(367)	(426)
Tax advice	(26)	(11)
Other services	(73)	(41)
Auditors Remuneration	**(834)**	**(839)**

(21) Other operating expenses

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Losses on the disposal of intangible assets and property, plant and equipment	(2,227)	(1,586)
Losses on receivables and impairment allowances	(3,278)	(6,148)
Exchange rate differences	(17,126)	(22,971)
Expenses of claims	(257)	(929)
Expenses for legal proceedings	(889)	(187)
Contractual and other penalties	(140)	(548)
Material expenses from chassis	-	(4,196)
Membership fees and subscriptions	(424)	(401)
Miscellaneous other operating expenses	(5,595)	(6,627)
Other operating expenses	**(29,936)**	**(43,593)**

(22) Income from companies reported at equity

The income from associated companies and joint ventures reported at equity is composed as follows:

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Share in the net result for the period	11,465	14,931
Income from disposal	-	-
Gain on exchange from the recycling of currency translation gains from OCI	-	-
Income from companies reported at equity	**11,465**	**14,931**

(23) Cost of materials and purchased services

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Cost of materials	(1,113,035)	(1,121,660)
Cost of purchased services	(87,336)	(102,543)
Cost of materials and purchased services	**(1,200,371)**	**(1,224,203)**

Regarding impairment losses on inventories included in the cost of materials, please refer to Note (35) Inventories. The cost of materials mainly relates to metal components such as sheet, plate, piping and profile sections as well as bought-in components and electrical and hydraulic components.

(24) Personnel expenses

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Wages and salaries	(459,606)	(525,152)
Expenses for severance payments	(4,730)	(5,788)
Pension expenses	(3,508)	(3,097)
Expenses for statutory social security contributions, payroll-related levies and mandatory contributions	(98,570)	(111,810)
Other social expenses	(29,958)	(32,371)
Employee expenses	**(596,370)**	**(678,219)**

Expenses for severance payments include expenses from defined contribution plans amounting to EUR 2,496 thousand (previous year: EUR 2,000 thousand). This includes the cost of services to company employee pension funds in the amount of EUR 2,496 thousand (previous year: EUR 2,000 thousand).

Pension expenses include expenses from defined contribution plans amounting to EUR 2,954 thousand (previous year: EUR 3,253 thousand).

(25) Depreciation of property, plant and equipment, investment property, amortization of intangible assets and and impairment expenses

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Depreciation and amortization	(78,578)	(83,993)
Impairment losses	(578)	(8,686)
Depreciation of property, plant and equipment, investment property, amortization of intangible assets and impairment expenses	**(79,156)**	**(92,678)**

Regarding the development of depreciation, amortization and impairment, please refer to Notes (28) Intangible assets, (29) Property, plant and equipment and (30) Leases.

The impairments in 2023 relate to product line Tail and Passenger Lifts as well as capitalized development costs.

(26) Net interest income and other financial result

Net interest income and other financial result are composed as follows:

Jan–Dec 2022		Financial instruments according to IFRS 9	
EUR thousand	Total	Financial asset at amortized cost	Financial liabilities at amortized cost
Interest income	1,956	1,930	-
Interest expenses from financial liabilities	(12,699)	-	(11,747)
Other interest expenses	(1,522)	-	-
Net interest income	**(12,266)**	**1,930**	**(11,747)**
Income from the disposal of financial assets	48	48	-
Write-ups of financial assets	28	-	-
Impairment of financial assets	(107)	-	-
Exchange rate differences	(4,420)	(6,603)	-
Net profit or loss	**(4,452)**	**(6,555)**	**-**
Financial result	**(16,717)**	**(4,625)**	**(11,747)**

Jan–Dec 2023		Financial instruments according to IFRS 9	
EUR thousand	Total	Financial asset at amortized cost	Financial liabilities at amortized cost
Interest income	3,598	3,588	-
Interest expenses from financial liabilities	(34,920)	-	(32,575)
Other interest expenses	(1,548)	-	-
Net interest income	**(32,870)**	**3,588**	**(32,575)**
Write-ups of financial assets	58	-	-
Impairment of financial assets	(15)	-	-
Exchange rate differences	(3,997)	(6,020)	-
Net profit or loss	**(3,954)**	**(6,020)**	**-**
Financial result	**(36,824)**	**(2,432)**	**(32,575)**

For details on exchange rate differences in the net financial result, see p. 157

Financial instruments according to IFRS 9				
Fair Value through OCI	**Fair Value through P&L/ Other Derivatives**	**Purchase price allocation[1)]**	**Non-current provisions acc. to IAS 19[1)]**	**Leases pursuant to IFRS 16**
-	-	-	-	25
-	-	-	-	(952)
-	-	(837)	(686)	-
-	**-**	**(837)**	**(686)**	**(927)**
-	-	-	-	-
-	28	-	-	-
-	(107)	-	-	-
-	2,183	-	-	-
-	**2,103**	**-**	**-**	**-**
-	**2,103**	**(837)**	**(686)**	**(927)**

Financial instruments according to IFRS 9				
Fair Value through OCI	**Fair Value through P&L/ Other Derivatives**	**Purchase price allocation[1)]**	**Non-current provisions acc. to IAS 19[1)]**	**Leases pursuant to IFRS 16**
-	-	-	-	10
-	-	-	-	(2,345)
-	-	(280)	(1,268)	-
-	**-**	**(280)**	**(1,268)**	**(2,335)**
-	58	-	-	-
-	(15)	-	-	-
-	2,023	-	-	-
-	**2,066**	**-**	**-**	**-**
-	**2,066**	**(280)**	**(1,268)**	**(2,335)**

(27) Income tax

The tax rate applicable to the parent company PALFINGER AG was until 2022 25 percent. As part of the 2022 eco-social tax reform, the corporate tax rate was lowered in 2023 to 24 percent. In the following year 2024, a further reduction will follow and the tax rate will be lowered to 23 percent.

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Effective tax expense (–) / income (+)	(34,970)	(44,961)
thereof from previous years	274	270
thereof from the use of previously unused tax loss carry forwards	3,223	4,535
Deferred income tax expense (–) / income (+)	183	(2,458)
thereof from previous years	1,634	188
thereof from the recognition of tax loss carry-forwards from previous years	123	-
thereof due to tax rate changes	(541)	(137)
thereof from the adjustment of tax loss carry-forwards	(306)	(314)
Income tax	**(34,787)**	**(47,419)**

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 2022	Jan–Dec 2023
Earnings before income tax	133,682	173,370
Tax rate of the Group	25.0%	24.0%
Calculated tax expense	**33,420**	**41,609**
Adjustment to foreign tax rates	**(-4,378)**	**(-322)**
Tax reduction due to		
Research and education allowances	(-992)	(-1,203)
Investment grants and other government aid	(-1,120)	(-994)
Tax rate changes	(-3,168)	(-1,751)
Tax-free income from investments reported at equity	(-2,866)	(-3,584)
Reversal of non-taxable provisions	-139501	0
Other tax-reducing factors	(-871)	(-1,652)
Recognition and use of loss carry-forwards from previous years	(-3,152)	(-4,829)
Taxes not related to an accounting period	(-3,313)	(-3,033)
Other tax effects (currency translation)	-	0
Reversal of allowances on deferred taxes	0	(-1)
Valuation of investments and intra-group valuation of receivables	(-968)	(-1,453)
	(-16,590)	**(-18,498)**
Tax increase due to		
Tax rate changes	3,482	1,843
Non-capitalized loss carry-forwards	8,232	8,657
Allowances on loss carry-forwards	306	314
Non-tax-deductible expenses	4,168	4,495
Allocation non-taxable provisions	119	1,278
Minimum taxes	87	81
Taxes not related to an accounting period	1,372	2,341
Non-deductible withholding taxes	1,364	2,209
Valuation of investments and intra-group valuation of receivables	973	98
Different tax rate	394	451
Other tax-increasing factors	123	249
Allowances for deferred taxes	1,713	2,615
	22,335	**24,630**
Income tax	**34,787**	**47,419**

IAS 12R (88A) As a multinational group of companies with worldwide consolidated revenue in excess of EUR 750 million, PALFINGER falls within the scope of the OECD model rules on global minimum tax (Pillar Two). The Minimum Taxation Act (Mindestbesteuerungsgesetz) was published in Austria on 30.12.2023 and came into force on 31.12.2023. The regulations apply to financial years that begin on or after December 31, 2023. As the legislation does not apply to the past year, PALFINGER is not subject to any tax burden resulting from it in 2023. The group takes advantage of the exemption from recognizing deferred taxes related to Pillar Two income taxes, which was the subject of the amendments to IAS 12 published in May 2023.

IAS 12R (88C) Under the legislation, PALFINGER must pay an additional tax per country equal to the difference between the GloBE effective tax rate and the minimum rate of 15 percent. All group companies that report earnings before taxes in accordance with IFRS in 2023 are subject to an effective tax rate of more than 15 percent in the reporting period, with the exception of subsidiaries operating in the following countries: Brazil, Bulgaria, Romania, Norway"14, Qatar and the United States of America"1 Group companies that are expected to fall under the de minimis rule are not listed in the table below.

EUR thousand[1)]	**Tax expense 2023**	**Profit accorting to IFRS 2023**	**Everage effective Tax Rate**
Brasil	929	6,429	14.5%
- Madal Palfinger S.A.			
- Palfinger Marine Do Brasil Ltda.			
- Palfinger Marine Montagens Industriais do Brasil Ltd.			
Bulgaria	(93)	1,954	-4.8%
- Palfinger Produktionstechnik Bulgaria EOOD			
- Palfinger GBS Bulgaria EOOD			
Norway	(470)	50,216	(0.9%)
- Palfinger Marine Norway AS			
- Palfinger Marine Norway Holding AS			
- Palfinger Marine Safety AS			
Qatar	137	1,139	12.0%
- Palfinger Marine Doha WLL			
Romania	1,731	12,083	14.3%
- Nimet Srl			
United States of Amerika	818	6,451	12.7%
- Palfinger US Holdings, Inc.			
- Omaha Standard, LLC			
- Interlift LLC			
- Palfinger USA, LLC			
- Equipment Technology, LLC			
- Palfinger North America LLC			
- Palfinger USA Operations, LLC			
- Palfinger Marine USA Inc			

1) The pre-tax profit includes a tax-free disposal of an investment within the Group.

PALFINGER is currently assessing the effects Pillar Two will have when the legislation comes into force. The current forecast is that the average effective tax rate in the above-mentioned jurisdictions will be below 15 percent. Some jurisdictions may, however, not incur additional tax expenses if they fulfil Safe Harbour provisions. Moreover, there may be deviations from the effective tax rates calculated in accordance with IAS 12.86 as a result of specific adjustments provided for in the Pillar Two legislation.

IAS 12R (88D) Applying the legislation and calculating GloBE income is very complex. It has therefore not yet been possible to reliably estimate the quantitive effects of the enacted or effective legislation. Pillar Two might also have tax implications for companies with an effective tax rate of over 15 percent. PALFINGER is therefore working on a compliance and reporting solution with the support of external consultants.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(28) Intangible assets

The development of intangible assets is shown below:

EUR thousand	Goodwill	Intangible assets with indefinite useful lives
Acquisition cost		
As at 1/1/2022	228,569	27,156
Change in scope of consolidation	78	-
Additions	-	-
Investment promotion	-	-
Disposals	-	-
Reclassifications	-	-
Foreign currency translation	(3,022)	1,172
As at 12/31/2022	**225,625**	**28,329**
As at1/1/2023	225,625	28,329
Additions	-	-
Investment promotion	-	-
Disposals	(0)	-
Reclassifications	-	-
Foreign currency translation	(11,168)	(1,438)
As at 12/31/2023	**214,457**	**26,891**
Accumulated depreciation, amortization and impairment		
As at 1/1/2022	81,207	22,616
Amortization	-0	-
Impairment losses	-	-
Disposals	-	-
Foreign currency translation	(3,928)	1,173
As at 12/31/2022	**77,279**	**23,789**
As at1/1/2023	77,279	23,789
Amortization	0	12
Impairment losses	-	-
Disposals	(0)	-11
Foreign currency translation	(4,928)	-1,415
As at 12/31/2023	**72,351**	**22,375**
Carrying amounts		
As at 12/31/2022	**148,347**	**4,540**
As at 12/31/2023	**142,107**	**4,516**

Development costs	Brands, customer base and order backlog	Other intangible assets	Prepayments	Total
145,861	89,919	36,671	63	528,239
(0)	215	-	-	293
20,169	-	3,264	5	23,438
(80)	-	(4)	-	(84)
(7,084)	-	(252)	-	(7,335)
-	-	596	-	596
(269)	168	(139)	-	(2,090)
158,597	**90,302**	**40,136**	**68**	**543,057**
158,597	90,302	40,136	68	543,057
24,748	-	2,067	-	26,815
(65)	-	(163)	-	(228)
(6,541)	(925)	(1,254)	(51)	(8,771)
-	-	423	(2)	420
(736)	(1,647)	(482)	-	(15,471)
176,002	**87,730**	**40,726**	**15**	**545,821**
72,293	69,272	26,158	-	271,545
12,272	5,061	3,378	-	20,711
570	-	-	-	570
(4,858)	-	(151)	-	(5,008)
(66)	364	(56)	-	(2,512)
80,211	**74,697**	**29,330**	**-**	**285,306**
80,211	74,697	29,330	-	285,306
13,548	4,409	3,245	(135)	21,079
5,917	-	70	150	6,137
-5,833	-929	-1,010	-	(7,783)
-332	-1,473	-340	0	(8,488)
93,512	**76,704**	**31,294**	**15**	**296,251**
78,385	**15,605**	**10,806**	**68**	**257,751**
82,490	**11,025**	**9,432**	**0**	**249,570**

GOODWILL

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

EUR thousand	**12/31/2022**	**12/31/2023**
Sales & Service	113,268	108,560
Operations	35,079	33,547
Goodwill	**148,347**	**142,107**

The recoverable sum for the groups of cash-generating units is determined based on a value-in-use calculation using cash flow projections covering a five-year period. The cash flows are then extrapolated using a growth rate. The growth rates used for 2023 were 1.54 percent for Sales & Service (previous year: 1.70 percent) and 1.44 percent for Operations (previous year: 1.64 percent). A medium-term plan was drawn up in 2023.

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

Assumption:	**Method used to determine value:**
Unit sales volumes	The unit figures are based on the Sales & Operations Planning process, which is well established in the organization. The sales and production plan is coordinated in monthly cycles based on the available resources. In cycle 9, the basis for the unit figures for the following year's budget is established. These quantities are partially risk-adjusted on the basis of the delivery performance of previous periods in order to achieve stable budget values from motivated sales and production planning. Business models that are not unit-driven (e.g. service) were taken into account based on past experience and management’s expectations for the future.
Sales price	The growth rates taken into account per product line / sales region are already known at the time of planning, as price increases have a relatively long lead time. The price development can therefore be planned relatively accurately.
Contribution margins	Based on budgeted selling prices for 2024, expected personnel cost increases, and material price changes forecasted by the purchasing department.
Structural costs	Based on runrates, forecasts and known project plans, limits are defined for all GPO functions.
CAPEX	The investment volume is planned in relation to the group turnover and backed up with individual projects.

Due to the planning uncertainty, three scenarios were included in the calculation of the value in use, with the realistic scenario corresponding to the approved planning. The optimistic scenario assumes a constant slight overperformance in sales and gross margin, with slightly higher structural costs. The pessimistic scenario assumes a significant negative impact on sales and gross margin, particularly in the EMEA region, over the next two years, which will level off towards the end of the medium-term planning period. Structural costs cannot be reduced to the corresponding extent.

Scenarios	Weighting	CAGR external sales average 2024 to 2028	EBIT margin Sales & Service average 2024 to 2028	EBIT margin Operations average 2024 to 2028
Optimistic	10%	6.3%	8.0%	5.9%
Realistic	65%	5.3%	7.7%	5.4%
Pessimistic	25%	4.0%	6.5%	3.0%

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	2022	2023
Operations	10.3	11.0
Sales & Service	9.5	10.6

A sensitivity analysis showed that no impairment would be necessary for a two-percentage-point increase in the discount rate as the book values in both segments (groups of CGUs) would still be covered. The sensitivity analysis also established that if EBITs were reduced by 20 percent while all other parameters remained constant, the carrying amounts in the Sales & Service segment would still be covered and there would be no need for impairment. The excess cover in the Operations segment amounted to EUR 207.6 million. A reduction in EBIT of 20 percent in the Operations segment over the entire planning period, with all other parameters remaining constant, would lead to an impairment requirement of EUR 25.4 million; a reduction of 17.82 percent would result in a valuation equal to the carrying amount. The sensitivity analysis also revealed that eliminating the growth rate in perpetuity would still cover the book values. Similarly, excluding the optimistic scenario while increasing the pessimistic scenario to 35 percent does not lead to any need for devaluation.

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Intangibleassets with indefinite useful lives result from business combinations and are comprised as follows:

EUR thousand	12/31/2022	12/31/2023
Operations		
Nimet brand	4,540	4,516
	4,540	**4,516**
Intangible assets with indefinite useful lives	**4,540**	**4,516**

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

DEVELOPMENT COSTS

In the fiscal year 2023 , PALFINGER capitalized internally generated intangible assets in the form of development costs in the amount of EUR 24,748 thousand (previous year: EUR 20,169 thousand).

Due to a deterioration in the expected sales figures, impairment tests were carried out for capitalized development costs. The impairment losses resulting from this are EUR 5,917 thousand with the largest items relating to the product lines AWP and self propelled lifting solutions (EUR 3,176 thousand) and New Business Solutions (EUR 1,672 thousand) concerning the segments Sales & Service, Operations and Other Segments.

(29) 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 1/1/2022	324,820	65,793
Changes in scope of consolidation	4,400	-
Additions	12,202	17,872
Investment promotion	(377)	-
Disposals	(441)	(6,246)
Reclassifications	5,604	-
Foreign currency translation	3,773	488
As at 12/31/2022	**349,982**	**77,908**
As at 1/1/2023	349,982	77,908
Changes in scope of consolidation	2,280	-
Additions	33,119	26,054
Investment promotion	(755)	-
Disposals	(598)	(8,952)
Reclassifications	15,611	-
Foreign currency translation	(5,420)	(1,337)
As at 12/31/2023	**394,218**	**93,673**
Accumulated depreciation, amortization and impairment		
As at 1/1/2022	99,865	26,418
Depreciation	11,514	11,712
Impairment losses	8	-
Disposals	(318)	(5,780)
Reclassifications	6	-
Foreign currency translation	1,215	121
As at 12/31/2022	**112,291**	**32,470**
As at 1/1/2023	112,291	32,470
Depreciation	12,365	13,448
Impairment losses	22	121
Disposals	(486)	(6,565)
Reclassifications	-	-
Foreign currency translation	(2,028)	(631)
As at 12/31/2023	**122,164**	**38,844**
Carrying amounts		
As at 12/31/2022	**237,691**	**45,438**
As at 12/31/2023	**272,054**	**54,829**

Undeveloped land	Plant andmachinery	Other equipment, operating and office equipment	Prepayments and assets under construction	Total
1,689	293,264	145,369	41,704	872,639
-	23	162	(0)	4,585
380	19,540	19,891	45,253	115,137
-	(259)	326	1,042	731
-	(8,361)	(12,653)	(34)	(27,735)
-	20,131	3,555	(29,762)	(473)
-	4,749	2,568	1,297	12,876
2,069	**329,086**	**159,217**	**59,500**	**977,762**
2,069	329,086	159,217	59,500	977,762
-	0	(0)	0	2,280
17	20,674	18,953	52,847	151,665
-	(356)	(283)	-	(1,394)
-	(4,827)	(7,458)	(55)	(21,890)
(63)	31,658	8,173	(55,798)	(420)
-	(10,301)	(2,757)	(2,044)	(21,860)
2,023	**365,934**	**175,845**	**54,449**	**1,086,143**
84	189,778	95,985	926	413,055
-	17,400	17,242	-	57,869
-	-	-	-	8
-	(7,827)	(9,512)	-	(23,437)
-	(20)	14	-	(0)
-	3,053	1,362	110	5,861
84	**202,384**	**105,091**	**1,036**	**453,356**
84	202,384	105,091	1,036	453,356
-	19,037	18,055	10	62,914
-	1,335	1,050	21	2,549
-	(4,402)	(6,383)	-	(17,836)
-	(12)	12	(0)	(0)
-	(5,661)	(1,876)	54	(10,141)
84	**212,682**	**115,948**	**1,120**	**490,841**
1,985	**126,702**	**54,126**	**58,464**	**524,406**
1,939	**153,253**	**59,897**	**53,329**	**595,301**

Additions mainly relate to the expansion of production capacities in Austria, Germany and Romania as well as the an acquisition of a property in Germany.

Land and buildings include land values of developed properties amounting to EUR 67,058 thousand (previous year: EUR 49,783 thousand). Prepayments and assets under construction as at balance sheet date include assets under construction with acquisition and manufacturing costs amounting to EUR 48,748 thousand (previous year: EUR 52,791 thousand).

In 2012, an option contract was signed that entitles PALFINGER to acquire five and ten years respectively after repurposing of the land (i.e. the first time was in October 2018) a further approx. 19,000 m^2 adjoining the site of the new Group headquarters. The price for exercising the option to acquire these additional plots of land amounts to EUR 4,353 thousand plus an inflation compensation fee up until the exercise date. The option was exercised in October 2023 and the purchase agreement is expected to be completed in the first quarter of 2024. The capitalization of the property will be done in 2024 after PALFINGER has obtained control.

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

In the fiscal year 2023 , government grants amounting EUR 1,394 (previous year: EUR -731 thousand) thousand were recognized in accordance with IAS 20 as a reduction of acquisition or production costs.

As part of the separation of the Tail and Passenger Lifts product line from the GPO, an impairment test was carried out for the Tail Lifts cash-generating unit in the first half of the year. The recoverable amount is created based on the calculation of the value in use using cash flow forecasts for a period of 5 years. Cash flows are then extrapolated using a growth rate. The discount rates used correspond to the usual market weighted costs of capital adjusted to the specific risks based on externally available capital market data. The discount rate before taxes is 7.47 percent. There are estimation uncertainties in the assumptions underlying the calculation of the value in use. The gross margins are determined based on the values that are incorporated into the rolling planning based on the experiences of the current year. The impairment test for the Tail Lifts cash-generating unit resulted in a negative value in use and a resulting impairment of EUR 3,033 thousand, which essentially included technical equipment and machinery amounting to EUR 1,335 thousand as well as other equipment, operating and office equipment.

As at December 31, 2023, no property, plant and equipment (previous year: none) has been pledged as collateral for debt.

(30) Leases

The right-of-use accounted for in accordance with IFRS 16 is shown in the balance sheet under property, plant and equipment. The leasing liabilities are shown in the balance sheet under non-current and current financial liabilities. The following changes are recorded for the right-of-use reported under property, plant and equipment:

Rights of use 2022

in TEUR	Land and buildings	Equipment and machinery	Operating and office equipment	Vehicles	Total
As at 1/1/2022	33,396	445	674	4,860	39,375
Additions	14,230	239	497	2,906	17,872
Depreciation, amortization and impairment	(8,755)	(300)	(107)	(2,550)	(11,712)
Disposals	(213)	-	-	(253)	(466)
Foreign currency translation	373	1	-	(6)	368
As at 12/31/2022	**39,031**	**385**	**1,064**	**4,957**	**45,437**

Rights of use 2023

in TEUR	Land and buildings	Equipment and machinery	Operating and office equipment	Vehicles	Total
As at 1/1/2023	39,031	385	1,064	4,957	45,437
Additions	20,092	256	1,186	4,520	26,054
Depreciation, amortization and impairment	(9,724)	(395)	(383)	(3,067)	(13,569)
Disposals	(2,005)	0	-	(383)	(2,388)
Foreign currency translation	(692)	(3)	(7)	(3)	(705)
As at 12/31/2023	**46,702**	**243**	**1,860**	**6,024**	**54,829**

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

Leases

EUR thousand	2022	2023
As at 1/1	40,540	46,718
Exchange rate difference	277	(881)
Additions	17,872	26,054
Disposals	(531)	(2,141)
Interest expenses	903	2,308
Payments	(12,343)	(15,147)
As at 12/31	**46,718**	**56,911**
of which current	12,199	13,708
of which non-current	34,519	43,203

The consolidated income statement contains the following amounts from leases.

EUR thousand	2022	2023
Depreciation on right-of-use assets	(11,712)	(13,569)
Interest expenses for lease liabilities	(903)	(2,308)
Expense for leases for which the underlying asset is of low value, accounted for according to IFRS 16.6	(344)	(359)
Expenses for current leases, accounted for according to IFRS 16.6	(1,172)	(1,865)
Expenses for variable lease payments, not included in the lease liability	0	(18)
Income from the subleasing of right-of-use assets	132	128
Recognized in profit or loss	**(13,999)**	**(17,991)**

The total cash outflows for leases in the fiscal year 2023 were EUR 17,388 thousand (previous year: EUR 13,859 thousand).

The right-of-use reported for leasing activities mainly relate to rents for various office, production and warehouse buildings, land and company vehicles. The contract terms depend on the underlying right-of-use and include renewal and termination options. The lease payments for such options are included in the lease liability if renewal is reasonably certain or it is unlikely that the right to terminate the contract will be exercised.

The potential future cash outflows from non-exercised renewal options in the next five and ten years relate to options on land and building leases.

Lease payments from non exercised option

	12/31/2022	12/31/2023
Up to 5 years	1,871	5,165
Up to 10 years	10,462	10,882

As at December 31, 2023, the exercise of the renewal options is not reasonably certain.

There are no significant residual value guarantees or restrictions on right-of-use assets.

(31) 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	2022	2023
As at 1/1	64,596	57,768
Increase in capital	-	100
Share in the net result for the period	11,465	14,931
Dividends	(18,113)	(6,282)
Foreign currency translation	(180)	(4,155)
As at 12/31	**57,768**	**62,362**

The following tables contain summarized financial information on associated companies and joint ventures reported at equity that are material for the Group; in each case, the figures refer to 100 percent and not to PALFINGER's share in the companies.

	Palfinger France S.A.S.		Sany Palfinger SPV Equipment Co., Ltd.[1)]	
EUR thousand	Jan–Dec 2022	Jan–Dec 2023	Jan–Dec 2022	Jan–Dec 2023
Revenue	207,823	227,211	50,589	50,091
Total comprehensive income				
Profit (loss)	16,850	11,502	(381)	137
Other comprehensive income after income tax	-	-	(796)	(2,670)
	16,850	**11,502**	**(1,177)**	**(2,533)**

	Palfinger France S.A.S.		Sany Palfinger SPV Equipment Co., Ltd.[1)]	
EUR thousand	12/31/2022	12/31/2023	12/31/2022	12/31/2023
Non-current assets	9,079	12,654	11,654	15,981
Current assets	110,651	141,471	54,860	56,688
Non-current liabilities	11,735	8,097	(85)	(79)
Current liabilities	53,111	86,710	24,077	32,853
Net assets	**54,884**	**59,318**	**42,523**	**39,895**

	Palfinger France S.A.S.		Sany Palfinger SPV Equipment Co., Ltd.[1]	
EUR thousand	**2022**	**2023**	**2022**	**2023**
Shares/voting rights	49%	49%	50%	50%
Carrying amount as of 1/1	**23,380**	**22,766**	**32,670**	**21,198**
Impairment loss	-	-	-	-
Share in the net result for the period	5,266	5,636	(191)	68
Foreign currency translation	-	-	(398)	(1,335)
Dividends	(5,879)	(4,798)	(10,884)	-
Reclassification	-	-	-	-
Carrying amount as at 12/31	**22,766**	**23,604**	**21,198**	**19,931**
thereof goodwill	-	-	-	-
thereof downstream sales	(3,698)	(4,547)	(69)	(20)
thereof pro–rata net assets	26,464	28,151	21,266	19,951

1) As at the balance sheet date, the company had cash and cash equivalents of EUR 10.182 thousand (previous year: EUR 8,447 thousand) and no financial liabilities, as well as depreciation and amortization of EUR 924 thousand (previous year: EUR 967 thousand), interest income of EUR 172 thousand (previous year: EUR 151 thousand) and a tax expense of EUR – 105 thousand (previous year: EUR – 408 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 for the Group; the figures refer to PALFINGER's share in the companies.

	Associated companies		Joint ventures	
EUR thousand	**2022**	**2023**	**2022**	**2023**
Carrying amounts of shares	11,119	11,190	2,685	7,637
Total comprehensive income				
Result after income tax	6,559	3,357	-167	5,870
Other comprehensive income after income tax	226	-1,901	-08	-919
	6,785	**1,456**	**-175**	**4,951**

(32) Deferred tax assets and liabilities

EUR thousand	12/31/2022	12/31/2023
Non-current assets		
Intangible assets – different useful lives	2,721	1,223
Intangible assets – tax-deductible goodwill	246	556
Property, plant and equipment – different useful lives	774	1,050
Property, plant and equipment - IFRS 16 effect	69	75
Non-current financial assets – impairment losses on untaxed financial assets	17,270	12,007
Other non-current assets	9	9
	21,090	**14,920**
Current assets		
Inventories – elimination of intercompany profits, tax-related measurement differences in manufacturing costs	11,768	13,935
Trade receivables – tax-related measurement differences in impairment allowances	2,278	2,451
Other current assets – untaxed severance payments	385	404
	14,431	**16,790**
Non-current liabilities		
Non-current financial liabilities — Lease liabilities	5,442	4,235
Non-current provisions - different approaches provisions for employee IAS 19	7,151	7,407
Other non-current liabilities	243	43
	12,837	**11,685**
Current liabilities		
Current financial liabilities – essentially lease financing	5,448	8,858
Current provisions – essentially Warranty provisions recognized at different rates	2,894	2,536
Trade payables and other current liabilities	3,288	4,934
	11,630	**16,328**
Deferred tax assets	**59,987**	**59,723**

EUR thousand	12/31/2022	12/31/2023
Non-current assets		
Intangible assets – acquisitions, development costs	(26,884)	(26,225)
Property, plant and equipment – different useful lives	(7,950)	(8,809)
Property, plant and equipment - IFRS 16 effect	(10,567)	(12,302)
Non-current financial assets	(5,365)	(3,413)
	(50,767)	**(50,749)**
Current assets		
Inventories – tax-related measurement differences in manufacturing costs	(583)	(194)
Trade receivables – Contract manufacturing (POC)	(1,886)	(1,162)
Other current assets – tax-related measurement differences	(3,816)	(2,435)
	(6,284)	**(3,791)**
Non-current liabilities		
Non-current financial liabilities — Tax-related measurement differences	0	0
Non-current provisions	(708)	(759)
	(708)	**(759)**
Current liabilities		
Current financial liabilities	(3)	-
Current provisions – essentially Warranty provisions recognized at different rates	(471)	(573)
Trade payables and other current liabilities	(602)	(506)
	(1,077)	**(1,079)**
Deferred tax liabilities	**(58,835)**	**(56,378)**

EUR thousand	12/31/2022	12/31/2023
Deferred tax assets	59,987	59,723
Deferred tax liabilities	(58,835)	(56,378)
Valuation allowance (temporary differences)	(1,897)	(4,387)
Deferred tax assets on loss carry forwards	15,561	15,034
Deferred taxes	**14,816**	**13,992**
thereof deferred tax assets accounted for	22,423	20,030
thereof deferred tax liabilities accounted for	(7,607)	(6,038)

The Austrian corporate income tax law applicable in the past fiscal year 2023 provides for a statutory tax rate of 24 percent. The expected tax rate for domestic group companies is 23 percent due to the tax rate reduction in Austria. Therefore, deferred taxes of domestic companies are measured at an overall tax rate of 23 percent as of December 31, 2023. The country-specific income tax rates applied to foreign companies range from 7.70 percent to 35.96 percent.

The deferred tax expense and income reported in the consolidated statement of comprehensive income (income statement or statement of comprehensive income) in accordance with IAS 12.81 g) ii) is calculated as follows:

EUR thousand	2022	2023
As at 1/1	18,312	14,816
Charged/Credited		
due to profit or loss	183	(2,458)
due to other result	(3,593)	1,631
directly in equity	(13)	3
Acquisition of subsidy	(73)	0
As at 12/31	**14,816**	**13,992**

The tax loss carry-forwards are composed as follows:

	Non-capitalized loss carry-forwards		**Capitalized loss carry-forwards**	
EUR thousand	12/31/2022	12/31/2023	12/31/2022	12/31/2023
One year	5,926	3,791	110	-
Two years	3,708	7,684	283	272
Three years	8,721	10,813	346	417
Four years	12,085	11,043	366	509
Five years	9,698	22,092	1,080	304
More than five years	76,117	33,661	1,232	0
Loss carry-forwards subject to expiry	**116,255**	**89,084**	**3,417**	**1,502**
Loss carry-forwards not subject to expiry	**113,275**	**141,400**	**60,979**	**60,565**
	229,530	**230,484**	**64,396**	**62,067**

In the Group, no related deferred tax assets of EUR 56,356 thousand (previous year: EUR 55,139 thousand) are recognized for tax loss carryforwards of EUR 230,484 thousand (previous year: EUR 229,530 thousand) because their effectiveness as a final tax relief in the context of medium-term planning is not yet sufficiently assured. Of this amount, non-capitalized deferred taxes mainly relate to the tax group in the USA in the amount of EUR 21,308 thousand (previous year: EUR 24,701 thousand), the companies included in the tax consolidation in Norway in the value of EUR 8,929 thousand (previous year: EUR 11,612 thousand) and the Dutch companies in the amount of EUR 14,643 thousand (previous year: EUR 9,968 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 735,241 thousand (previous year: EUR 619,018 thousand) from investments in subsidiaries and joint ventures, there are deferred tax liabilities as at December 31, 2023 amounting to EUR 129,161 thousand (previous year: EUR 86,100 thousand). In accordance with IAS 12.39, no deferred tax liabilities are recognized, because PALFINGER is able to control the timing and these temporary differences will not reverse in the foreseeable future.

The capitalization of deferred taxes amounting to EUR 115 thousand (previous year: EUR 645 thousand) on loss carry forwards and interest carry-forwards totaling EUR 409 thousand (previous year: EUR 2,709 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 61,656 thousand (previous year: EUR 61,687 thousand) and temporary differences, deferred taxes on temporary differences and tax loss carryforwards of 14,915 (previous year: 14,915) 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 12,211 thousand relate to carryforward losses for the Austrian tax group (previous year: EUR 11,748 thousand) and EUR 2,417 thousand (previous year: EUR 2,382 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.

(33) Non-current financial assets

Non-current financial assets are broken down as follows:

EUR thousand	**12/31/2022**	**12/31/2023**
Loans	3,816	2,234
Securities	1,274	2,329
Deposits at banks	73	33
Other shareholdings	178	176
Interest rate swaps from the CF hedge	6,089	533
Non-current financial assets	**11,430**	**5,304**

Securities consist of shares in investment funds and bonds for the legally obligatory security of provisions for personnel.

(34) Other non-current assets

The non-current assets are broken down as follows:

EUR thousand	12/31/2022	12/31/2023
Reimbursement rights and other receivables	4,515	3,977
Accrued expenses	645	657
Miscellaneous other non-current assets	4	4
Other non-current assets	**5,165**	**4,639**

Reimbursement rates relate, among other things, to surrender rights for life insurance policies that do not meet the requirements for offsetting against pension provisions in accordance with IAS 19.

(35) Inventories

The inventories are composed as follows:

EUR thousand	12/31/2022	12/31/2023
Raw materials, consumables and supplies	260,631	244,948
Work in progress	178,832	210,479
Finished goods and merchandise	135,046	155,204
Prepayments	5,515	9,232
Inventories	**580,025**	**619,862**

Inventories amounting to EUR 614 thousand (previous year: EUR 524 thousand) are measured at net realizable value.

In the fiscal year 2023 , impairment losses on inventories amounting to EUR 6,309 thousand (previous year: EUR 5,763 thousand) and reversals of impairment losses from inventories deemed obsolete amounting to EUR 1,888 thousand (previous year: EUR 2,390 thousand) were reported in cost of sales.

(36) Trade receivables and contract assets from customer contracts

The trade receivables are broken down as follows:

EUR thousand	12/31/2022	12/31/2023
Receivables from contract manufacturing and rendering of services	36,204	17,246
Invoiced receivables	311,157	318,862
Trade receivables and contract assets from customer contracts	**347,360**	**336,108**

Since 2014, PALFINGER AG and selected Austrian and German subsidiaries of the PALFINGER Group have had a factoring contract with an Austrian 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 contract, trade receivables are sold monthly on a revolving basis up to a maximum volume of EUR 110,000 thousand (previous year: EUR 110,000 thousand), or USD 50,000 thousand (previous year: USD 50,000 thousand). Receivables sold in connection with the factoring contract as at balance sheet date December 31, 2023 amount to EUR 123,104 thousand (previous year: EUR 79,400 thousand). The receivables were not fully derecognized as all opportunities and risks associated with the receivables sold were neither transferred nor retained. The assessment of the risks resluting rom the receivables sold is fundamentally 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 3,165 thousand (previous year: EUR 2,900 thousand) and recognizes a corresponding associated liability reported as liabilities to banks EUR 3,165 thousand (previous year: EUR 2,900 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 318,173 thousand (previous year: EUR 310,627 thousand).

Trade receivables are normally 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.

The Group 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. The Group 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	2022	2023
As at 1/1	**27,563**	**36,250**
Addition due to PoC progress	81,429	52,153
Progress billings	(72,000)	(70,076)
Accumulated adjustment	-	-
Foreign currency translation	(742)	(985)
As at 12/31	**36,250**	**17,342**
Recorded impairment	(46)	(96)
Contract assets incl. impairments	**36,204**	**17,246**

The risk from expected loss rates is accounted for by an allowance amounting to EUR 17,812 thousand (previous year: EUR 14,088 thousand). The allowance relates primarily 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	2022	2023	2022	2023
As at 1/1	7,118	7,643	5,176	6,445
Change in Scope	-	-	-	-
Allocation	1,254	4,210	4,441	4,834
Use	(1,200)	(1,057)	(236)	(154)
Reversal	(397)	(351)	(1,513)	(2,928)
Reclassification	680	(3)	(680)	3
Foreign currency translation	188	(341)	(743)	(489)
As at 12/31	**7,643**	**10,101**	**6,445**	**7,711**

(37) Current financial assets

Current financial assets are broken down as follows:

EUR thousand	12/31/2022	12/31/2023
Derivative financial instruments	3,189	5,716
Other financing receivables	54	87
Current financial assets	**3,242**	**5,803**

(38) Other current receivables and assets

Other current receivables and assets are broken down as follows:

EUR thousand	12/31/2022	12/31/2023
Receivables relating to social security and other taxes	27,134	36,546
Other receivables	33,681	29,200
Accrued expenses and compensation payments	16,052	17,950
Receivables from entities reported at equity	201	101
Other current receivables and assets	**77,068**	**83,797**

Other receivables include receivables from the factor resulting from the sale of trade receivables (see also Note (36) for more information) as well as receivables from public authorities.

(39) Cash and cash equivalents

Cash and cash equivalents are current financial resources and are broken down as follows:

EUR thousand	12/31/2022	12/31/2023
Cash on hand	138	267
Deposits at banks	60,982	76,271
Cash and cash equivalents	**61,120**	**76,538**

As at December 31, 2023, there are restrictions on the disposal of cash and cash equivalents amounting to EUR 10.4 million (previous year: EUR 5.1 million).

(40) 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	**2022**	**2023**
As at 1/1	34,766,742	34,766,742
Addition of own shares	-	-
As at 12/31	**34,766,742**	**34,766,742**

(41) Share premium

The share premium relates to appropriated and unappropriated additional paid-in capital.

(42) Treasury Shares

As at December 31, 2023, the number of treasury shares amounted to 2,826,516 shares (previous year 2,826,516 shares).

The Executive Board was authorized by the Annual General Meeting on April 7, 2021 in accordance with Sec. 65 para. 1 sentence 8 as well as para. 1a and 1b of the Austrian Stock Corporation Act to acquire no-par value shares of the company representing up to 10 percent of the company's share capital for a period of 30 months from September 20, 2021, both through the stock exchange as well as off-exchange for a minimum consideration of EUR 10 per share and a maximum consideration of EUR 100 per share. The Executive Board of PALFINGER AG can decide to acquire shares on the stock exchange, but the Supervisory Board must be informed of this decision after it has been taken. Off-market acquisition of shares is subject to the prior approval of the Supervisory Board. In the case of an off-market acquisition of shares, this can also be executed with the exclusion of the right to sell on a pro rata basis. Trading in treasury shares is excluded as a purpose for acquiring shares. The authorization may be exercised in whole or in part or in several installments and in pursuit of several purposes by the company, by a subsidiary, or by third parties for the account of the company.

The Executive Board is authorized for a period of five years in accordance with Sec. 65 para. 1b of the Stock Corporation Act, with the consent of the Supervisory Board, to provide for the sale or use of treasury shares other than selling them on the stock exchange or by public offer, while applying the provisions relating to the exclusion of shareholders' subscription rights. The authorization may be exercised in whole or in part or in several installments and in pursuit of several purposes by the company, by a subsidiary, or by third parties for the account of the company.

(43) Currency translation reserve

The foreign currency translation of the consolidated companies as well as that of the companies reported at equity are included in the reserve. The change in currency conversion reserve is broken down below according to currency:

EUR thousand	**2022**	**2023**
AED	933	(436)
BRL	2,635	2,527
GBP	(70)	28
NOK	(386)	877
RMB	(500)	(1,633)
RUB	8,690	(25,655)
USD	8,271	(4,650)
Other	(5,011)	(6,690)
Currency translation reserve	**14,562**	**(35,632)**

(44) 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 2023 amounted to 34,766,742 shares (previous year: 34,766,742 shares).

Based on the consolidated net result of EUR 107,673 thousand (previous year: EUR 71,372 thousand), undiluted earnings per share amount to EUR 3.10 (previous year: EUR 2.05). The diluted earnings per share are the same as the undiluted earnings per share.

(45) 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 2022 (Annual General Meeting of March 30, 2023)	26,770	34,766,742	0.77
Dividend resolved for the fiscal year 2021 (Annual General Meeting of March 24, 2022)	28,947	37,593,258	0.77

The net profit for 2023 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 2023 of PALFINGER AG	(3,681)
Retained profits brought forward from 2022	205,896
Total net profit	**202,215**
Proposed dividend (EUR 1.05 per share)	(36,505)
Remaining accumulated profit	**165,710**

The dividend to be proposed by the Executive Board and Supervisory Board to the Annual General Meeting on April 10, 2024 will be EUR 1.05 per share.

(46) 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	2022	2023
As at 1/1	**(584)**	**5,069**
Changes in unrealized profits (+)/losses (–)		
Interest rate swap contracts	5,669	5,475
Currency forward contracts	(2,406)	(10,594)
	3,263	**(5,119)**
Changes in realized gains (+)/losses (–)		
Interest rate swap contracts	264	(1,755)
Currency forward contracts	2,126	3,395
	2,390	**1,640**
Change	**5,653**	**(3,479)**
As at 12/31	**5,069**	**1,590**

(47) Non-controlling interests

The table below shows summarized financial information before intra-group eliminations for each subsidiary with material non-controlling interests:

12/31/2022

EUR thousand	Andrés N. Bertotto (Hidro-Grubert)	EPSILON Kran GmbH	Nimet Srl	PM Group
Net assets				
Non-current assets	3,272	13,148	44,830	33,546
Current assets	15,833	74,760	53,271	62,228
Non-current liabilities	93	838	925	1,831
Current liabilities	11,435	50,065	23,742	28,360
	7,576	**37,005**	**73,434**	**65,583**
Non-controlling interests				
Shares/voting rights	30%	35%	40%	25%
Carrying amount	1,931	13,790	28,954	14,588

12/31/2023

EUR thousand	Andrés N. Bertotto (Hidro-Grubert)	EPSILON Kran GmbH	Nimet Srl	PM Group
Net assets				
Non-current assets	1,832	22,531	53,273	26,654
Current assets	7,868	79,846	38,547	41,044
Non-current liabilities	14	870	1,646	1,982
Current liabilities	7,619	55,585	17,474	9,228
	2,067	**45,922**	**72,700**	**56,488**
Non-controlling interests				
Shares/voting rights	30%	35%	40%	25%
Carrying amount	325	17,653	28,663	12,731

Jan–Dec 2022

EUR thousand	Andrés N. Bertotto (Hidro-Grubert)	EPSILON Kran GmbH	Nimet Srl	PM Group
Cash flow				
Cash flows from operating activities	3,954	28,191	28,633	13,128
Cash flows from investing activities	(2,307)	(3,377)	(30,976)	9,036
Cash flows from financing activities	(338)	(24,812)	2,285	(12,099)
Non-controlling interests				
Profit/loss attributable	1,379	9,063	12,907	4,435
Share of other comprehensive income	(822)	38	(32)	506
Dividends	567	9,189	2,178	0

Jan–Dec 2023

EUR thousand	Andrés N. Bertotto (Hidro-Grubert)	EPSILON Kran GmbH	Nimet Srl	PM Group
Cash flow				
Cash flows from operating activities	8,091	37,019	16,272	3,602
Cash flows from investing activities	(3,258)	(20,779)	(6,483)	(9,384)
Cash flows from financing activities	(517)	(16,240)	(9,477)	6,953
Non-controlling interests				
Profit/loss attributable	836	12,806	4,141	1,541
Share of other comprehensive income	(2,292)	2	(130)	(3,398)
Dividends	150	8,945	4,303	0

The net worth of EPSILON Kran GmbH is limited to the extent that shares can only be transferred with the consent of the minority shareholder and the existing agreement regarding a linear maximum distribution in relation to the equity ratio can only be deviated from by mutual consent.

In the case of the PM group and the remaining non-significant non-controlling interests, distribution agreements also exist or distributions can only be resolved with the consent of the minority shareholders.

(48) Financial liabilities

EUR thousand	12/31/2022	Remaining durations
Promissory note loan	195,000	1 - 6 years
Equity financing and bilateral loans	51,953	1 - 6 years
ESG Financing (sustainability linked loan)	281,760	1 - 6 years
Lease liabilities	34,519	1 - 20 years
Other non-current financial liabilities	592	-
Non-current financial liabilities	**563,824**	

EUR thousand	12/31/2023	Remaining durations
Promissory note loan	231,000	1 - 7 years
Equity financing and bilateral loans	51,930	2 - 5 years
ESG Financing (sustainability linked loan)	280,000	3 - 5 years
Lease liabilities	43,203	1 - 25 years
Other non-current financial liabilities	1,229	
Non-current financial liabilities	**607,362**	

EUR thousand	12/31/2022	12/31/2023
Promissory note loans	10,000	122,511
Equity financing and bilateral loans	93,213	2,819
Lease liabilities	12,199	13,708
Other current financial liabilities	6,005	9,152
Current financial liabilities	**121,417**	**148,190**

Deferred interest expenses are included in the current financial liabilities. The other current financial liabilities include the associated liability amounting to to EUR 3,165 thousand (previous year: EUR 2,900) recognized pararell to the cointinuing involvement and the liabilities arriving from the heghe accounting amounting to EUR 642 thousand (previous year: EUR 1,890).

For more information about the equity financing and bilateral loans please see p. 33.

The average interest rate represents the interest burden as at December 31, 2023 after taking into account interest rate hedges as a percentage in relation to the carrying amount of the financial liabilities as at December 31, 2023 and amounts to 3.85 percent (previous year: 2.34 percent).

(49) Purchase price liabilities from acquisitions

The development of purchase price liability from acquisitions is shown below:

EUR thousand	2022	2023
As at 1/1	13,164	14,238
Allocation	108	0
Release	(996)	(511)
Interest effect	837	280
Redemption	(560)	(12,451)
Disposal	0	(438)
Addition	1,685	641
As at 12/31	**14,238**	**1,759**

The additions relate to the subsequent purchase price for Palfinger Iberica. There are contingent considerations for the minority acquisition of Palfinger Portugal (Palfinger comércio e aluguer de máquinas, S.A.) . The amount paid out is dependent on the unit's future earnings before interest and taxes. The purchase price liabilities to for Hinz and Equipdraulic were paid as planned in 2023. In addition, the purchase price liability for TSK was repaid early. The purchase price liability for Iberica will be paid in 2024 and for Palfinger Portugal in 2025. Equipdraulic also has a deferred purchase price receivable that will be paid until 2026.

The carrying amount as at the reporting date for Equipdraulic is EUR 180 thousand (previous year: EUR 1,110 thousand). The carrying amount for the subsequent purchase price for Palfinger Iberica is EUR 641 thousand and for Palfinger Portugal EUR 915 thousand (previous year: EUR 869 thousand).

For the Level 3 carrying amounts, the following valuation method and inputs were used to determine fair values:

Purchase price liabilities	Valuation method	Inputs
Minority acquisition at Palfinger Portugal	Discounted cash flow method	Risk-adjusted interest rate, results of corporate planning in EUR

Sensitivity analysis for significant inputs in determining fair values as at December 31, 2022 and 2023:

Change in fair value

		In the event of an increase		In the event of a decrease	
EUR thousand	Change in assumption	2022	2023	2022	2023
Interest rate	+/- 1 %	(51)	(12)	52	12
Forecasted EBIT	+/- 10%	-	-	(187)	-

(50) Non-current provisions

Non-current provisions are broken down as follows:

EUR thousand	12/31/2022	12/31/2023
Pension provisions	8,095	7,872
Provisions for severance payments	26,848	25,324
Anniversary bonus provisions	7,879	8,627
Other non-current provisions	531	562
Non-current provisions	**43,353**	**42,384**

Pension provisions

On the basis of individual contractual provisions, PALFINGER is obligated to grant a retirement allowance to some employees from the date they retire. The amount of this pension is determined based on the length of service and the level of remuneration at the time of retirement.

The evaluation was based on the following parameters:

	Age of retirement		Interest rate (p.a.)		Pension increase (p.a.)	
	2022	2023	2022	2023	2022	2023
Germany	63-65 years	65-67 years	3.13% - 3.19%	3.49% - 3.91%	1.50% - 2.20%	1.50% - 3.00%
France	65 years	65 years	3.19%	3.80%	2.50%	4.30%
Austria	65 years	65 years	3.19%	3.65% - 3.94%	2023: 5.50% 2024+: 1.70%	2024: 5.00% 2025+: 1.70%

The change in the interest rate is based on reassessment due to the changed market conditions.

As at December 31, 2023, the average duration of the defined benefit obligations from pension commitments is 10.49 years (previous year: 11.07 years). For the fiscal year 2023, expected contributions to pension obligations amount to EUR 151 thousand (previous year: EUR 143 thousand).

The calculation of the pension provisions as at December 31, 2023 is based on actuarial principles in accordance with the calculation rules of IAS 19. The obligation is measured using the projected unit credit method.

The calculated retirement age in Austria is based on the earliest possible age for retirement according to the 2004 pension reform (Austrian Budget Accompanying Act 2003 - BBG 2003), taking into account the transitional regulations. In the case of female beneficiaries, the calculated retirement age is gradually increased in accordance with the "Federal Constitutional Law on Different Age Limits for Male and Female Social Security Recipients". The calculation is based on the calculation principles for pension insurance AVÖ-2018-P for salaried employees.

The mathematical retirement age in Germany is based on the earliest possible retirement age under German statutory pension insurance; the 2018 G mortality tables are applied.

Because the pension obligations are adjusted to the consumer price index, the pension plans are exposed to the risk of inflation. In addition, there are interest rate risks and risks due to changes in life expectancy for retirees. The pension obligations are partly covered by reinsurance policies, which means that there is a low counterparty risk for insurance companies.

Provisions for severance payments

Severance payments are one-time settlements that must be paid to employees on termination of employment, or on a regular basis when employees retire. The amount depends on the number of years of service and the level of remuneration. Provisions for severance payments are calculated using actuarial principles.

The evaluation is based on the following parameters:

	Interest rate (p.a.)		expected rates of salary increases (p.a.)		Staff turnover allowance (p.a.)	
	2022	2023	2022	2023	2022	2023
Austria	3.16% - 3.19%	3.65% - 3.88%	2023: 5.50% 2024+: 3.00%	2024: 5.00%; 2025+: 3.00%	0.38% to 0.40% (based on length of service)	0.27% to 0.60% (based on length of service)
Slovenia	3.19%	3.91%	2023: 5.50%; 2024+: 3.00%	2024: 5.00%; 2025+: 3.00%	2.00%	2.00%
Bulgaria	3.18%	3.54% - 3.97%	2023: 12.00% 2024+: 5.00%	2024: 5.00% - 7.80%; 2025+: 5.00%	5.00% to 20.00% (age-related)	2.00% to 18.00% (age-related)
UAE and Qatar	4.00% - 4.40%	4.60% - 5.40%	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, 2023, the average duration of the defined benefit obligations from severance payments is 10.16 years (previous year: 10.89 years). For the fiscal year 2023, expected contributions to severance payments amount to EUR 1,219 thousand (previous year: EUR 1,241 thousand).

Employees whose employment status is governed by Austrian law and began before January 1, 2003 are entitled to a severance payment under the following conditions: if employment status has lasted for an uninterrupted period of three years, in the event of termination by the employer and in the event of early resignation for good cause; and in the event of termination of employment upon reaching the statutory retirement age, providing employment lasted for an uninterrupted period of at least ten years. The amount of the severance payment depends on the amount of the remuneration at the time of termination and the length of service.

For employees in Austria whose employment commenced on or after January 1, 2003, this obligation has been replaced by a contribution-based system. Payments are made to the external employee pension fund, are reported as expenses and amount to 1.53 per cent of remuneration.

The pension provisions and severance payments are shown below:

	Pensions		Severance payments	
EUR thousand	12/31/2022	12/31/2023	12/31/2022	12/31/2023
Net present value of the obligation	8,897	8,674	26,848	25,324
Fair value of plan assets	(802)	(802)	-	-
Provision	**8,095**	**7,872**	**26,848**	**25,324**

	Pensions		Severance payments	
EUR thousand	2022	2023	2022	2023
Net present value of the obligation as at 1/1	11,556	8,897	32,407	26,848
Service cost	229	143	1,680	1,392
Interest expenses	100	270	250	778
Gains (–)/losses (+) from re-measurements	(2,292)	(158)	(6,008)	135
Effective payments	(461)	(452)	(1,323)	(3,597)
Settlements	(229)	(20)	-	(177)
Reclassifications	-	-	(231)	-
Foreign currency translation	(6)	(6)	73	(55)
Net present value of the obligation as at 12/31	**8,897**	**8,674**	**26,848**	**25,324**

Plan assets consist of a pension fund at a reputable insurance company.

EUR thousand	2022	2023
Fair value of plan assets as at 1/1	784	802
Expected return on plan assets	6	22
Gains (+)/losses (–) from re-measurements	18	(14)
Foreign currency translation	(6)	(8)
Fair value of plan assets as at 12/31	**802**	**802**

The actual sum amounted to EUR 8 thousand (previous year: EUR 23 thousand).

Net cost for pensions and severance payment commitments are broken down as follows:

	Pensions		Severance payments	
EUR thousand	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023
Employee expenses				
Service cost	(229)	(143)	(1,680)	(1,392)
Interest expenses				
Interest expenses	(95)	(248)	(250)	(778)
Net expenses	**(324)**	**(391)**	**(1,930)**	**(2,170)**

Re-measurements are broken down as follows:

	Pensions		Severance payments	
EUR thousand	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023
Experience adjustments	68	4	751	897
Changes in demographic assumptions	-	-	39	124
Changes in financial assumptions	(2,360)	(162)	(6,798)	(886)
Return on plan assets	(18)	14	-	-
Gains (–)/losses (+) from re-measurements	**(2,310)**	**(144)**	**(6,008)**	**135**

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	2022	2023	2022	2023	2022	2023	2022	2023
Interest rate	(868)	(804)	1,035	951	(2,371)	(2,272)	2,760	2,639
Pension increase/salary increase	772	885	(818)	(768)	2,640	2,536	(2,315)	(2,228)

ANNIVERSARY BONUS PROVISIONS

Provisions for anniversary bonuses derived from collective bargaining arrangements and/or works agreements are calculated using the same parameters as for the provision for severance payments.

Changes in anniversary bonus provisions are shown below:

EUR thousand	2022	2023
As at 1/1	9,427	7,879
Allocation	(1,423)	933
Interest effect	75	232
Use	(200)	(417)
As at 12/31	**7,879**	**8,627**

OTHER NON-CURRENT PROVISIONS

The development of other non-current provisions is shown below:

EUR thousand	2022	2023
As at 1/1	18,824	531
Allocation	621	366
Interest effect	58	17
Usage	(3)	(235)
Reversal	-	(93)
Reclassification	(19,047)	-
Foreign currency translation	78	(24)
As at 12/31	**531**	**562**

The bonus agreement with executives and the Executive Board was reclassified to employee liabilities in 2022.

(51) Other non-current liabilities

Other non-current liabilities relate primarily to liabilities to employees and deferred income.

(52) Current provisions

The development of current provisions is shown below:

	Provision for guarantee and warranty expenses		Other current provisions	
EUR thousand	2022	2023	2022	2023
As at 1/1	21,572	20,907	9,268	13,691
Allocation	5,035	12,051	18,520	20,637
Usage	(5,190)	(5,293)	(13,988)	(16,613)
Reversal	(874)	-	(121)	(955)
Foreign currency translation	364	105	12	(130)
As at 12/31	**20,907**	**27,770**	**13,691**	**16,630**

The other non-current provisions include provisions for personnel amounting to EUR 1,722 thousand (previous year: EUR 2,310 thousand). These mainly comprise obligations for medical care for employees in the USA and short-term severance claims.

In addition, other current provisions include provisions for anticipated losses from customer contracts in the amount of EUR 6,577 thousand (previous year: EUR 4,495 thousand).

(53) Trade payables and other current liabilities

The trade payables and other current liabilities are broken down as follows:

EUR thousand	12/31/2022	12/31/2023
Trade payables	249,951	240,999
Liabilities to entities reported at equity	2,312	909
Liabilities to employees	76,422	75,585
Liabilities relating to social security and other taxes	34,396	40,847
Other liabilities	66,979	47,521
Trade payables and other current liabilities	**430,061**	**405,862**

The liabilities to employees amounting to EUR 75,585 thousand (previous year: EUR 76,422 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 47,521 thousand (previous year: EUR 66,979 thousand) relate to customers with credit balances, liabilities to the factor arising from incoming payments for trade receivables sold (see also Note (36)) and other miscellaneous liabilities.

At the end of 2017, PALFINGER launched a reverse factoring program with individual suppliers to finance their receivables from PALFINGER. Suppliers are permitted to instruct contract banks to pay receivables in advance. The program was expanded in 2020. In such agreements, PALFINGER is not released from its initial obligation and the terms of contract are not significantly modified as a result of quantitative and qualitative reviews. Therefore, the amount stated in the consolidated balance sheet has not been changed. The liability continues to be reported under trade payables as well as in cash flows from operating activities. As at December 31, 2023 the program was used for trade payables amounting to EUR 45,989 thousand (previous year: EUR 55,151 thousand).

(54) Contract liabilities from customer contracts

Contractual liabilities from customer contracts include payments received on account of orders and deferred revenue. The change in contract assets from customer contracts is shown below:

EUR thousand	2022	2023
As at 1/1	48,250	55,006
Addition	54,643	47,146
Recognized as revenue	(46,677)	(24,144)
Accumulated adjustment	(325)	(1,491)
Foreign currency translation	(885)	(6,343)
As at 12/31	**55,006**	**70,174**

(55) Financial instruments

The reconciliation of the carrying amounts for each category according to IFRS 9 is shown below:

EUR thousand	Carrying amount 12/31/2022	No financial instrument/ recognition according to IFRS 10	Measured according to IFRS 16
Non-current assets			
Non-current financial assets	11,430	-	-
thereof Level 1 fair value			
thereof Level 2 fair value			
Current assets			
Trade receivables	311,157	-	-
thereof Level 3 fair value			
Contract assets from customer contracts	36,204	36,204	-
Current financial assets	3,242	-	-
thereof Level 2 fair value			
Other current receivables and assets	77,068	43,678	-
Cash and cash equivalents	61,120	-	-
Assets	**500,221**	**79,882**	**-**
Non-current liabilities			
Liabilities from redeemable non-controlling interests	**-**	**-**	**-**
Non-current financial liabilities	529,304	-	-
thereof Level 2 fair value			
Non-current purchase price liabilities from acquisitions	1,126	-	-
thereof Level 3 fair value			
Other non-current liabilities	395	395	-
Non-current leasing liabilities	34,519	-	34,519
Non-current contract liabilities from customer contracts	4,281	4,281	-
Current liabilities			
Current financial liabilities	109,219	-	-
thereof Level 2 fair value			
Current purchase price liabilities from acquisitions	13,112	-	-
thereof Level 3 fair value			
Trade payables and other current liabilities	430,061	110,819	-
Current lease liabilities	12,199	-	12,199
Current contract liabilities from customer contracts	50,725	50,725	-
Liabilities	**1,184,941**	**166,220**	**46,718**

			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 12/31/2022
3,889	-	6,089	1,453	11,430
			1,274	
		6,089	178	
133,922	-	177,235	-	311,157
		177,235		
-	-	-	-	-
54	-	1,598	1,591	3,242
		1,598	1,591	
33,390	-	-	-	33,390
61,120	-	-	-	61,120
232,375	**-**	**184,921**	**3,044**	**420,340**
-	**-**	**-**	**-**	**-**
-	529,304	-	-	529,304
		-		
-	24	-	1,102	1,126
			1,102	
-	-	-	-	-
-	-	-	-	34,519
-	-	-	-	-
-	107,329	650	1,240	109,219
		650	1,240	
-	978	-	12,134	13,112
			12,134	
-	319,242	-	-	319,242
-	-	-	-	12,199
-	-	-	-	-
-	**956,878**	**650**	**14,475**	**1,018,721**

EUR thousand	Carrying amount 12/31/2023	No financial instrument/ recognition according to IFRS 10	Measured according to IFRS 16
Non-current assets			
Non-current financial assets	5,304	-	-
thereof Level 1 fair value			
thereof Level 2 fair value			
Current assets			
Trade receivables	318,862	-	-
thereof Level 3 fair value			-
Contract assets from customer contracts	17,246	17,246	-
Current financial assets	5,803	-	-
thereof Level 2 fair value			
Other current receivables and assets	83,797	54,894	-
Cash and cash equivalents	76,538	-	-
Assets	**507,549**	**72,140**	**-**
Non-current liabilities			
Liabilities from redeemable non-controlling interests	**-**	**-**	**-**
Non-current financial liabilities	564,159	-	-
thereof Level 2 fair value			
Non-current purchase price liabilities from acquisitions	938	-	-
thereof Level 3 fair value		-	-
Other non-current liabilities	520	520	-
Non-current leasing liabilities	43,203	-	43,203
Non-current contract liabilities from customer contracts	4,046	4,046	-
Current liabilities			
Current financial liabilities	134,482	-	-
thereof Level 2 fair value			
Current purchase price liabilities from acquisitions	821	-	-
thereof Level 3 fair value	-	-	-
Trade payables and other current liabilities	405,862	116,433	-
Current lease liabilities	13,708	-	13,708
Current contract liabilities from customer contracts	66,127	66,127	-
Liabilities	**1,233,866**	**187,126**	**56,911**

The fair value of currency forwards is determined by calculating the present value of cash flows on the basis of current yield curves for the respective currencies from observable market data as well as on the 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 of the respective currencies from observable market data. Securities are valued at the current exchange rate on the valuation date. The fair value of the receivables from L&L is determined taking into account 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 12/31/2023
2,267	-	533	2,504	5,304
			2,329	
			176	
134,217	-	184,645	-	318,862
-	-	184,645		-
-	-	-	-	-
86	-	2,703	3,014	5,803
		2,703	-	
28,903	-	-	-	28,903
76,538	-	-	-	76,538
242,010	**-**	**187,881**	**5,518**	**435,409**
-	**-**	**-**	**-**	**-**
-	564,159	-	-	564,159
		-		
-	24	-	914	938
			914	914
-	-	-	-	-
-	-	-	-	43,203
-	-	-	-	-
-	133,840	-	642	134,482
		-	642	
-	821	-	-	821
-	-	-	-	
-	289,429	-	-	289,429
-	-	-	-	13,708
-	-	-	-	-
-	**988,273**	**-**	**1,556**	**1,046,739**

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 values of the non-current financial liabilities to the value of 564,159 (Previous year: 529,304) also roughly correspond to the market values (level 2) of 561,133 (Previous year: 520,227).

Income from the disposal of securities in the fiscal year 2023 amounted to EUR 0 thousand (previous year: EUR 48 thousand) and is reported as other financial result (see Note (26) net interest income and other financial result).

The development of Level 3 fair values is shown below:

EUR thousand	2022	2023
As at 1/1	12,840	13,236
Additions	947	-
Accrued interest	837	280
Redemption	(500)	-12,091
Decrease through profit and loss	(996)	-511
Increase through profit and loss	108	-
As at 12/31	**13,236**	**915**

Result in the income statement

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Other interest expenses	(837)	-45
Other operating expenses/income	888	-
Unrealized gain/loss for financial instruments held on the balance sheet date	**51**	**-45**

As at December 31, 2023, the Level 3 fair values consist of the liability related to the contingent purchase price liability from the minority acquisition at Palfinger Portugal, see also Note ((49)) Purchase price liabilities from company acquisitions.

Capital management

The objective of PALFINGER's capital management is to ensure financial flexibility, scope for value-enhancing investments, and retention of sound balance sheet ratios. A strong equity structure secures the trust of investors, lenders and the market and provides a solid basis for positive business development.

PALFINGER's net debt is managed centrally in coordination with the Corporate Treasury department. The main tasks of the Corporate Treasury department include liquidity management and securing long-term liquidity in support of business operations, efficient use of banking and financial services, and limiting financial risks while at the same time optimizing income and costs.

PALFINGER manages its capital structure taking into account changes in the economic environment, fixed strategic projects and internal targets in terms of equity ratio and gearing ratio. 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. The equity ratio fell due to the strong growth in total assets. At the end of 2023 the equity ratio was 34.72 Prozent (previous year: 34.46 Prozent). The gearing ratio was 93.37 Prozent due to the increased net financial debt (Previous year: 90.33 Prozent). Net financial debt increased to 668,083 TEUR (previous year: 609,627 TEUR) due to the increased working capital financing requirements 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 715,517 thousand (previous year: EUR 674,873 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 1.05 (previous year: EUR 0.77) per share was proposed for fiscal year 2023.

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 by means of liquidity planning, 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 2023, equity ratio was 34.72 percent (previous year: 34.46 percent) and therefore far above the externally stipulated threshold value.

To refinance maturing loans and finance the increased working capital requirements, a promissory note loan totaling EUR 154 million was issued in 2023. The tranches with a residual term of 3, 5 and 7 years on average have 2 sustainability KPI`s (KPI 1: Reduction of CO2 greenhouse gas emissions in relation to revenues, KPI 2: Reduction of the annual accident rate measured as Total Recordable Injury Rate). Target values have been defined for both KPIs, with under or overachievement resulting in a condition adjustment of +/- 0.025% when the target is measured annually.

An additional action to ensure liquidity is the maintenance of long-term undrawn credit lines at banking partners. The existing financing agreements are distributed across several core banking partners and currently have terms of up to one year.

The contractual remaining term to maturity of undiscounted cash flows are as follows:

2022

EUR thousand	< 1 year	1–5 years	> 5 years	12/31/ 2022
Trade payables and other liabilities				
Trade payables	251,541	-	-	251,541
Other liabilities for financial instruments	67,701	-	-	67,701
	319,242	**-**	**-**	**319,242**
Financial liabilities	122,494	473,941	86,642	683,077
Lease liabilities	12,325	28,299	9,449	50,073
Liabilities from cash flow hedges	887	-	-	887
Liabilities from derivatives held for trading	1,703	-	-	1,703
Purchase price liabilities from acquisitions	11,469	1,211	1,100	13,780
Undiscounted cash flows	**468,120**	**503,451**	**97,191**	**1,068,762**

2023

EUR thousand	< 1 year	1–5 years	> 5 years	12/31/ 2023
Trade payables and other liabilities				
Trade payables	241,740	-	-	241,740
Other liabilities for financial instruments	47,690	-	-	47,690
	289,429	**-**	**-**	**289,429**
Financial liabilities	165,389	572,635	70,957	808,981
Lease liabilities	13,984	30,364	26,188	70,536
Liabilities from cash flow hedges	97	-	-	97
Liabilities from derivatives held for trading	922	-	-	922
Purchase price liabilities from acquisitions	724	1,220	-	1,944
Undiscounted cash flows	**470,545**	**604,219**	**97,145**	**1,171,909**

2. CREDIT RISK

Credit risk refers to the risk of default or non-payment by contractual partners. The Group counters this risk by establishing internal limits for contractual partners - determined through solvency analyses - and taking out adequate insurance. Credit risk is limited to the amounts of the uninsured receivables reported in the balance sheet.

All overdue receivables are written down using standardized flat rates for specific valuation allowances on receivables. For the purpose of measuring expected credit losses, trade receivables and contract assets were aggregated on the basis of common credit risk characteristics and days overdue.

Trade receivables are derecognized when they are no longer reasonably expected to be realized.

Under a factoring agreement, trade receivables are sold monthly on a revolving basis up to a maximum volume of EUR 110,000 thousand and USD 50,000 thousand (see comments in Note (37) for more information).

The values of trade receivables and contract assets are shown below:

EUR thousand	Carrying amount	Gross carrying amount	Allowance	12/31/2022 expected loss rates
Receivables not yet due	**247,136**	**250,366**	**3,230**	**1%**
Receivables due				
Overdue less than 30 days	59,675	60,200	524	1%
Overdue more than 30 days but less than 60 days	17,541	17,811	270	2%
Overdue more than 60 days but less than 90 days	7,680	7,903	223	3%
Overdue more than 90 days but less than 120 days	4,041	4,323	282	7%
Overdue more than 120 days	11,288	20,401	9,114	45%
	100,225	**110,638**	**10,413**	
Trade receivables and contract assets	**347,361**	**361,004**	**13,643**	

EUR thousand	Carrying amount	Gross carrying amount	Allowance	12/31/2023 expected loss rates
Receivables not yet due	**214,888**	**217,914**	**3,024**	**1%**
Receivables due				
Overdue less than 30 days	61,685	62,520	835	1%
Overdue more than 30 days but less than 60 days	18,395	18,814	419	2%
Overdue more than 60 days but less than 90 days	13,731	14,031	301	2%
Overdue more than 90 days but less than 120 days	5,237	5,497	261	5%
Overdue more than 120 days	22,172	34,364	12,192	35%
	121,220	**135,226**	**14,008**	
Trade receivables and contract assets	**336,108**	**353,140**	**17,032**	

The remaining allowances relate to other receivables.

Close attention is paid to good credit ratings when investing financial resources at banks. Credit risk is limited in the amounts reported in the balance sheet.

3. FOREIGN CURRENCY RISK

Foreign currency risk arises as a result of exchange rate fluctuations. The value of a financial instrument may be affected by changes in the exchange rate.

Internationalization of the Group leads to payment transactions in various currencies. Surpluses in foreign exchange positions are minimized by adding value at local level (natural hedge). Any resulting material foreign exchange exposure is hedged by means of appropriate hedging instruments. Some foreign currency cash flows from ongoing operations are hedged using currency forwards (cash flow hedges).

The Group's internal supply of finished products and components in countries with currencies other than the euro creates a risk that is not covered by natural hedges. This aspect is continuously analyzed to provide a basis for establishing a hedging strategy that is evaluated in regular meetings.

Financial transactions may only be entered into if they are based on appropriate underlying transactions. Speculative transactions (i.e. transactions unrelated to cash flows from operations) are prohibited.

Foreign exchange differences at financial statement level are reported in EBIT and/or the net financial result, depending on their origin.

Foreign exchange differences have the following effects on the income statement:

EUR thousand	Jan–Dec 2022	Jan–Dec 2023
Foreign currency gains	18,997	18,177
Foreign currency losses	(17,126)	(22,971)
Exchange rate differences in the result from entities reported at equity	(1,439)	(4,151)
Profit (loss) from operating activities	**432**	**(8,945)**
Exchange rate differences in the net financial result	(4,420)	(3,997)
Result from exchange rate differences	**(3,988)**	**(12,942)**

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:

12/31/2022		**+10%**			**(10%)**	
EUR thousand	**recognized in profit or loss**	**recognized directly in equity**	**Total effect**	**recognized in profit or loss**	**recognized directly in equity**	**Total effect**
AED	(29)	-	(29)	35	-	35
ARS	2	-	2	(2)	-	(2)
AUD	1	-	1	(2)	-	(2)
BRL	(832)	(806)	(1,639)	1,017	985	2,003
CAD	(326)	-	(326)	399	-	399
CNY	1,448	(15)	1,433	(1,769)	18	(1,751)
CZK	18	-	18	(22)	-	(22)
DKK	(53)	-	(53)	65	-	65
GBP	(137)	(205)	(342)	168	251	418
HKD	(37)	-	(37)	45	-	45
HRK	-	-	-	-	-	-
INR	(160)	-	(160)	195	-	195
JPY	465	-	465	(568)	-	(568)
KRW	(301)	(34)	(334)	367	41	409
VND	(47)	-	(47)	58	-	58
NOK	544	(1,532)	(987)	(665)	1,872	1,207
PLN	127	-	127	(156)	-	(156)
RON	-	-	-	-	-	-
RUB	(414)	-	(414)	506	-	506
SEK	14	(1,039)	(1,025)	(17)	1,270	1,253
SGD	(105)	-	(105)	128	-	128
USD	(4,848)	(2,350)	(7,197)	5,925	2,872	8,797
Foreign currency sensitivities	**(4,670)**	**(5,980)**	**(10,651)**	**5,707**	**7,309**	**13,016**

12/31/2023 EUR thousand	**+10%** **recognized in profit or loss**	**recognized directly in equity**	**Total effect**	**(10%)** **recognized in profit or loss**	**recognized directly in equity**	**Total effect**
AED	(32)	-	(32)	39	-	39
ARS	1	-	1	(1)	-	(1)
AUD	1	-	1	(1)	-	(1)
BRL	(330)	(792)	(1,122)	404	968	1,371
CAD	(426)	-	(426)	521	-	521
CNY	901	-	901	(1,101)	-	(1,101)
CZK	36	-	36	(43)	-	(43)
DKK	(350)	-	(350)	427	-	427
GBP	(183)	(209)	(392)	224	256	481
HKD	(4)	-	(4)	4	-	4
HRK	-	-	-	-	-	-
INR	(127)	-	(127)	156	-	156
JPY	55	-	55	(67)	-	(67)
KRW	0	(32)	(32)	-	39	38
VND	43	-	43	(52)	-	(52)
NOK	415	(1,343)	(928)	(507)	1,641	1,135
PLN	242	-	242	(296)	-	(296)
RON	-	-	-	-	-	-
RUB	(252)	-	(252)	308	-	308
SEK	(1)	-	(1)	1	-	1
SGD	(156)	71	(85)	190	(87)	104
USD	(4,527)	(2,413)	(6,940)	5,533	2,949	8,481
Foreign currency sensitivities	**(4,694)**	**(4,718)**	**(9,412)**	**5,739**	**5,766**	**11,505**

The calculation is made on the basis of the primary and derivative financial instruments denominated in non-functional foreign currencies on the balance sheet date before taxes. Foreign currency effects from intra-group accounts receivable and payable are reported in profit or loss, while any effects from non-current intra-group receivables that are a part of the net investment in foreign operations (IAS 21.15) as well as any changes in the cash flow hedging reserve are recognized directly in equity. Foreign currency translation effects caused by the translation of the financial statements of international subsidiaries into the Group currency, i.e. the euro, are not taken into account.

4. INTEREST RATE RISK

Fluctuating interest rates have an influence on the value of financial instruments (in particular when interest rates are locked in for a longer term) as well as on net interest (income or expenses) resulting from these financial instruments. This influence describes interest rate risk in its two forms: fair value risk and net interest risk.

Fair value risk has the effect of a devaluation financial assets or an appreciation of financial liabilities. Changes in value have a more pronounced effect when interest rates are locked in for long periods of time than with variable interest.

Net interest risk has the effect of higher interest expenses for financial liabilities and lower interest income on financial assets. This risk mainly relates to financial instruments for which variable (short-term) interest rates have been agreed.

Variable-rate financing is hedged with interest rate swaps amounting to EUR 155.0 million
(previous year: EUR 95.0 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 3.1 million (previous year: EUR 3.2). A hypothetical increase in interest rates of 100 basis points would lead to an increase in other comprehensive income of EUR 6,824 thousand (previous year: EUR 9,968 thousand), whereas a decrease of 100 basis points would lead to a decrease in other comprehensive income of EUR 2,407 thousand (previous year: EUR 4,131 thousand).

Protective actions

HEDGING OF FUTURE CASH FLOWS

PALFINGER AG's currency risks result primarily from accounts receivable from Group companies and accounts payable to Group companies denominated in foreign currencies as well as from the international project business. Most of this exposure is reduced by means of intra-group foreign currency netting or is hedged with currency forwards and currency swaps. PALFINGER's hedging activities are guided exclusively by the underlying transaction. The credit risk with respect to both PALFINGER as well as the counter-parties has no impact on the fair value of currency forwards or currency swaps and therefore is likewise not a source of hedge ineffectiveness.

The supply of finished products and components primarily from EMEA to NAM, LATAM and APAC exposes PALFINGER to risk – in particular in USD and BRL – that is not hedged by natural hedges. These risk positions are analyzed, monitored and limited by implementing an appropriate hedging strategy. These hedging strategies are discussed at regular meetings with the CFO and adjusted as necessary.

Project-related currency risk, in particular in the Marine and Offshore sector, is transferred to the central treasury department and hedged on a project-to-project basis if invoicing in the local currency is not an option.

The sale of foreign currencies using currency forwards constitutes a hedge of operating cash inflows in foreign currencies. The result of the underlying transaction is balanced out by the inverse result of the currency forward. Outstanding hedges are measured and analyzed with respect to their risk on an ongoing basis (mark-to-market valuation). The hedging of foreign currency risks relates in each case to cash flows that are expected within a maximum of twelve months or are aligned with the project term.

The existing interest rate swaps hedge against the risk of interest rate changes in the case of loans bearing interest at variable rates. Negative impacts on the financial result due to unforeseeable interest rate fluctuations are limited by such interest rate hedges.

Interest rate risk is managed for the entire PALFINGER Group by the Corporate Treasury department. In recent years, the need for more financing has increased the effect fluctuations in interest rates have on the PALFINGER Group's financial result. The risk of changes in variable interest rates is limited through the use of derivative financial instruments (interest rate swaps) and exchanged for financing with fixed interest rates. Due to the current rise in interest rates, the hedging of interest rate risks again became very important in 2023.

Changes in the fair value of interest rate swaps classified as a cash flow hedge are recognized in other comprehensive income as revaluation reserve. When interest rate payments are made on the hedged underlying transaction, the revaluation reserve is reclassified from other comprehensive income and recognized in profit or loss as net interest income.

in thousands	Notional value in contract currency 12/31/2022	12/31/2023	Mark-to-market valuation (EUR) 12/31/2022	12/31/2023	Maximum duration/maturity
Currency forwards					
SGD-Verkauf/USD-Kauf	SGD 0	SGD 1.135	-	1	19.04.2024
sell EUR/buy NOK	EUR 265	EUR 0	5	-	
sell EUR/buy SEK	EUR 11.500	EUR 0	(82)	-	
sell EUR/buy CNY	EUR 165	EUR 6.720	(2)	(60)	13.11.2024
sell USD/buy EUR	USD 44.426	USD 44.546	460	735	20.06.2024
sell USD/buy NOK	USD 8.005	USD 6.120	(439)	298	18.10.2024
			(58)	**974**	
Interest rate swaps	EUR 95.000	EUR 155.000	7,094	2,262	31.07.2028
Cash flow hedge			**7,036**	**3,236**	

The fair value of the hedges is reported as a cash flow hedge in accordance with IFRS 9. Valuation gains or losses as of the balance sheet date are to be reported accordingly in equity. As soon as the underlying transactions have been realized, the cumulative gains or losses are reversed from other comprehensive income and recognized in the income statement under exchange losses or gains in other income and expenses.

Amounts recorded in other comprehensive income as well as amounts that have been realized for cash flow hedges can be found in the consolidated statement of comprehensive income. Further details can be found in Note 46 Valuation reserve according to IFRS 9.

SAFEGUARDING OF FINANCIAL RESOURCES

Derivative financial instruments that the Group employs for the safeguarding of financial resources and the hedging of foreign currency risks that do not meet the requirements for hedge accounting in accordance with IFRS 9 in terms of documentation and effectiveness are classified as fair value recognized in profit or loss. Changes in the fair value of these financial instruments are recognized in profit or loss in the income statement.

in thousands	Notional value in contract currency 12/31/2022	12/31/2023	Mark-to-market valuation (EUR) 12/31/2022	12/31/2023	Maximum duration/maturity
sell AED/buy EUR	AED 58.500	AED 63.500	(42)	335	13.06.2024
sell CNY/buy EUR	CNY 27.700	CNY 27.700	207	1	14.03.2024
sell GBP/buy EUR	GBP 430	GBP 800	4	8	14.03.2024
sell JPY/buy EUR	JPY 680.000	JPY 547.000	(99)	-	13.06.2024
sell NOK/buy EUR	NOK 706.400	NOK 102.000	1,291	94	14.03.2024
sell PLN/buy EUR	PLN 49.000	PLN 55.700	(109)	(20)	13.06.2024
sell SEK/buy EUR	SEK 57.650	SEK 59.800	(109)	78	13.06.2024
sell USD/buy EUR	USD 82.800	USD 106.200	(794)	1,875	13.06.2024
sell EUR/buy BRL	EUR 0	EUR 803	-	(17)	06.05.2024
sell USD/buy BRL	USD 0	USD 527	-	1	10.04.2024
Currency swap contracts			**349**	**2,355**	

Changes in value from currency swaps amount to EUR 2,021 thousand (previous year: EUR 2,183 thousand) and are included in the net financial result under exchange rate differences in the amount of EUR 2,021 thousand (previous year: EUR 2,183 thousand).

Other financial obligations

As at December 31 2023 there is an obligation to cover losses of JETFLY Airline GmbH to the extent of the 33.33% share up to the minimum capitalization of EUR 300 thousand. The proportionate obligation amounts to EUR 17 thousand as of the reporting date (previous year: EUR 0 thousand).

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

The indirect method is used for the presentation of cash flows from operating activities in the consolidated statement of cash flows. Cash and cash equivalents corresponds to cash-in-hand and short-term financial resources.

Cash flow from operations reached EUR 186.7 million in 2023 compared to EUR 46.1 in 2022. In addition to the increase in earnings, the main reason for this was the lower increase in working capital compared to the previous year.

Other non-cash income and expenses include exchange rate differences and valuation effects.

The payment from the contingent purchase price liability for the acquisitions of Hinz and Equipdraulic in 2021 in the amount of EUR 12,091 thousand was recognized in the amount of the original contingent purchase price at the time of initial consolidation in the amount of EUR 10,852 thousand in cash flow from investing activities. The additional amount of EUR 1,238 thousand is reported under cash flow from operating activities.

The negative change in cash flow from investing activities was primarily due to increased expansion investments in 2023 and the proceeds from the sale of the at equity shares in Sany Automobile Hoisting Machinery in the previous year.

Additions of intangible assets and property, plant and equipment include non-cash capital expenditures in the amount of EUR 8,352 thousand (previous year: EUR 11,511 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 1/1/2022	**276,543**	**62,573**	**-**	**40,540**	**154,242**	**533,898**
New lease contracts	**-**	**-**	**-**	**17,872**	**-**	**17,872**
Lease contract disposals	**-**	**-**	**-**	**(531)**	**-**	**(531)**
Changes in cash flows from financing activities						
Issue of promissory note loans	-	-	-	-	-	-
Raising of loans for the acquisition of investments	-	-	-	-	-	-
Raising of ESG loans	-	-	280,000	-	-	280,000
Repayment of financing for the acquisition of investments	-	(8,783)	-	-	-	(8,783)
Non-current refinancing of redemptions and maturing current loans	-	-	-	-	10,395	10,395
Repayment of maturing/terminated loans	-	-	-	-	-	-
Repayment of current bridge financing loans for the acquisition of investments	-	-	-	-	-	-
Repayment of maturing/terminated promissory note loans	(71,000)	-	-	-	-	(71,000)
Repayment of maturing/terminated lease liabilities	-	-	-	(12,343)	-	(12,343)
Raising of short-term financing	-	-	-	-	110,215	110,215
Repayment of current financing	-	-	-	-	(182,165)	(182,165)
Cash payments for/cash receipts from other financial liabilities	-	-	-	-	-	-
	(71,000)	**(8,783)**	**280,000**	**(12,343)**	**(61,555)**	**126,319**
Acquisition/change in scope of consolidation	**-**	**-**	**-**	**-**	**-**	**-**
Foreign currency translation	**-**	**-**	**-**	**277**	**(27)**	**250**
Accrued interest	**(543)**	**(1)**	**1,760**	**903**	**3,425**	**5,543**
As at 12/31/2022	**205,000**	**53,788**	**281,760**	**46,718**	**96,085**	**683,351**

EUR thousand	Promissory note loans	Equity financing	ESG Financing	Lease liabilities	Other financing	Total
As at 1/1/2023	**205,000**	**53,788**	**281,760**	**46,718**	**96,085**	**683,351**
New lease contracts	**-**	**-**	**-**	**26,054**	**-**	**26,054**
Lease contract disposals	**-**	**-**	**-**	**(2,141)**	**-**	**(2,141)**
Changes in cash flows from financing activities						
Issue of promissory note loans	154,000	-	-	-	-	154,000
Raising of loans for the acquisition of investments	-	-	-	-	-	-
Raising of ESG loans	-	-	-	-	-	-
Repayment of financing for the acquisition of investments	-	(38,783)	-	-	-	(38,783)
Non-current refinancing of redemptions and maturing current loans	-	-	-	-	-	-
Repayment of maturing/terminated loans	-	-	-	-	(31,733)	(31,733)
Repayment of current bridge financing loans for the acquisition of investments	-	-	-	-	-	-
Repayment of maturing/terminated promissory note loans	(8,000)	-	-	-	-	(8,000)
Repayment of maturing/terminated lease liabilities	-	-	-	(15,147)	-	(15,147)
Raising of short-term financing	-	-	-	-	130,000	130,000
Repayment of current financing	-	-	-	-	(147,616)	(147,616)
Cash payments for/cash receipts from other financial liabilities	-	-	-	-	-	-
	146,000	**(38,783)**	**-**	**(15,147)**	**(49,349)**	**42,721**
Acquisition/change in scope of consolidation	**-**	**-**	**-**	**-**	**-**	**-**
Foreign currency translation	**-**	**-**	**-**	**(882)**	**(98)**	**(980)**
Accrued interest	**2,511**	**(1)**	**2,241**	**2,308**	**(1,155)**	**5,904**
As at 12/31/2023	**353,511**	**15,004**	**284,001**	**56,911**	**45,483**	**754,910**

The total column in the table above corresponds to the sum of current and non-current financial liabilities, excluding derivative financial instruments.

OTHER DISCLOSURES

(56) 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 (56) 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 March 24, 2022. Transactions carried out with other related parties relate primarily to the delivery of goods and rentals.

Transactions with related parties are carried out at typical arm's length terms and conditions.

The following table shows transactions with associated companies and joint ventures disclosed in full. Transactions with Executive Board members are not included in the table below; for more information, please refer to the Note entitled "Disclosures regarding governing bodies and employees".

	Associated companies		Joint ventures		Supervisory Board		Other	
EUR thousand	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023
Receivables	15,296	8,379	1,089	953	-	-	1,819	1,141
Liabilities	775	171	2,085	1,825	439	539	3,639	3,033
Revenue	155,184	147,448	53	1,591	-	-	15,050	24,494
Other operating income	124	1	607	372	-	-	48	75
Purchased services	-	-	(111)	(245)	(439)	(539)	(896)	(946)
Cost of materials	(18)	(78)	(3,863)	(4,092)	-	-	-	-
Interest income / expense	27	2	-	10	-	-	88	(15)
Allowances	(490)	(87)	-	-	-	-	-	-

Receivables from associated companies and joint ventures include trade receivables in the amount of EUR 8,818 thousand (previous year: EUR 16,174 thousand).

As part of PALFINGER AG's 33.33% 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%.

As of November 30, 2023, JETFLY Airline GmbH reported equity of EUR 249 thousand. There is therefore an obligation to inject capital amoutning EUR 17 thousand. The profit for the period reported by JETFLY Airline GmbH as of November 30, 2022 amounted to EUR 363 thousand. Therefore there was no pro rata obligation for PALFINGER AG to inject capital in the previous year.

Of the liabilities to associated companies and joint ventures amounting to EUR 1,996 thousand (previous year: EUR 2,860 thousand), EUR 740 thousand (previous year: EUR 1,590 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.

(57) Disclosures regarding governing bodies and employees

Employees

The average number of company employees including apprentices and interns for the Group in fiscal year 2023 is 12,560 people (previous year: 12,145 people). As at the balance sheet date, the number of employees in the PALFINGER Group is 12,728 people (previous year: 12,210 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 2023:

- Hubert Palfinger, Chair[1)2)4)]
- Gerhard Rauch, 1st Deputy Chair[1)2)]
- Hannes Palfinger, 2nd Deputy Chair[1)2)3)4)]
- Sita Monica Mazumder [3)]
- Hannes Bogner [1) 2)]
- Isabel Diaz Rohr [1) 3) 4)]
- Johannes Kücher (worker council) [2) 3) 4)]
- Alois Weiss (worker council)(up to March 31, 2023)
- Carina Weindl (worker council) (from August 16, 2023)
- Erwin Asen (worker council)(up to March 3, 2023 appointed again on Agust 16, 2023)

1) Member of the Audit, Nomination and Remuneration Committees.
2) Member of the Audit Committee.
3) Member of the Digital committee
4) Member of the Project Comittee

Executive board

- Andreas Klauser, Chief Executive Officer
- Felix Strohbichler, Chief Financial Officer
- Martin Zehnder, Chief Operating Officer (up to April 2023)
- Alexander Susanek, Chief Operating Officer (from July 2023)
- Maria Koller, Chief Human Ressources Officer (from January 2024)

The regular current remuneration of the Executive Board consists of several components and can be broken down as follows:

	Non-performance-related		Performance-based	
EUR thousand	Jan-Dec 2022[1)]	Jan-Dec 2023	Jan-Dec 2022[1)2)]	Jan-Dec 2023[2)3)]
Andreas Klauser	711	768	579	574
Felix Strohbichler	520	573	325	489
Martin Zehnder	522	602	325	1,578
Alexander Susanek	0	298	0	222
Current remuneration	**1,753**	**2,241**	**1,229**	**2,863**

1) Includes a special bonus for Andreas Klauser amounting 200 thousand EUR
2) Corresponds to the amount of the provision.
3) Includes special payments in connection with the resignation of Martin Zehnder

There are liabilities amounting to EUR 1,285 thousand (previous year: EUR 1,029 thousand) for the current performance-based remuneration of the members of the Executive Board.

A special payment of EUR 1,578 thousand was made in the financial year 2023 for a departing member of the executive board.

In addition, non-current performance-based remuneration is shown below:

In the second quarter of 2018, a new bonus agreement was entered into with the Executive Board based on a long-term increase in enterprise value. The new agreement lasts until 2022, and the bonus was paid out in 2023 amounting EUR 12,918 thousand.

Following the expiry of this bonus agreement in 2022, a follow-up agreement was concluded with the Executive Board in 2023. In addition to key financial figures, this agreement also based on sustainability targets, which are derived on the basis of a longer-term planning.

For this purpose, provisions were recognized in profit or loss amounting to EUR 3,534 thousand in the fiscal year 2023 (previous year: EUR 2,974 thousand).

Expenses for severance payments and pensions at PALFINGER AG amount to EUR 63 thousand (previous year: EUR -77 thousand) for members of the Executive Board and senior executives and EUR 987 thousand (previous year: EUR 1 thousand) for the remaining employees.

Expenses for severance payments include payments made to contribution-based pension plans in the amount of EUR 271 thousand (previous year: EUR 48 thousand) for members of the Executive Board.

(58) Significant events after the balance sheet date

No events of particular significance occurred after the end of fiscal year 2023 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
(59)	**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 cashgenerating 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 medium-term corporate planning. Medium-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 medium-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
(60)	**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 and 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 standalone 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

Note	Balance sheet item	Accounting policies	Standard
(61)	**Inventories**		
		Acquisition or production cost (see (60) 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
(62)	**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
(63)	**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
(64)	**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.	
(65)	**Other provisions**		
		Provisions are recognized at the expected settlement amount; non-current provisions are recognized at present value.	IAS 37
(66)	**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
(68)	**Revenue recognition**		
		Sale of products Revenue from the sale of series products is recognized when control of the 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. 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.	IFRS 15

FAIR VALUE MEASUREMENT

PALFINGER measures financial instruments such as derivatives, contingent purchase price obligations as well as liabilities from puttable non-controlling interests at fair value on a recurring basis. The fair values of financial instruments accounted for at amortized cost are quoted in the Note "Financial instruments".

Fair value is defined as the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the valuation date. When measuring fair value, it is assumed that the transaction in the course of which the asset is sold, or the liability transferred, takes place either on the principal market for the asset or liability or, if there is no principal market, on the most advantageous market. PALFINGER measures fair value by taking into account all assumptions that the market participants would use as a basis for pricing. The assumption is that the market participants act in their own best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits through the highest and best use of the asset.

When determining fair value, PALFINGER applies valuation methods appropriate in the circumstances and for which sufficient data are available to measure the fair value, using observable inputs whenever possible.

The fair values accounted for or stated are categorized on the basis of the lowest level of input applied as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the company can access at the measurement date.
- Level 2 - inputs other than quoted market prices included in Level 1 that are to be observed for the asset or liability, either directly or indirectly.
- Level 3 - inputs that are not observable for the asset or liability.

LIST OF SHAREHOLDINGS

Company, registered office	Parent company[1)]	Direct investment[2)] (in percent) 2022	Direct investment[2)] (in percent) 2023	Indirect investment[3)] (in percent) 2022	Indirect investment[3)] (in percent) 2023	FC[4)]
Consolidated entities						
PALFINGER AG, Bergheim (AT)						EUR
Andrés N. Bertotto S.A.I.C. (Hidro-Grubert), Río Tercero (AR)	PAM	70.00	70.00	70.00	70.00	ARS
Elesa centro de montaje y servicios S.A, Madrid (ES)	PIB	100.00	100.00	100.00	100.00	EUR
EPSILON Kran GmbH, Salzburg (AT)	EMEA	65.00	65.00	65.00	65.00	EUR
Equipdraulic SL, Barcelona (ES)	EMEA	100.00	100.00	100.00	100.00	EUR
Equipment Technology, LLC, Oklahoma City (US)	PUSH	100.00	100.00	100.00	100.00	USD
Guima Palfinger S.A.S., Caussade (FR)	EMEA	100.00	100.00	100.00	100.00	EUR
Handelsbolaget Bunsön 7:1, Borlänge (SE)	HINZ	100.00	100.00	100.00	100.00	SEK
Hinz Fastighets AB, Borlänge (SE)	HINZ	100.00	100.00	100.00	100.00	SEK
INMAN AO, Ischimbai (RU)	EMEA	100.00	100.00	100.00	100.00	RUB
Madal Palfinger S.A., Caxias do Sul (BR)	PAM	99.85	99.91	99.85	99.91	BRL
Mega Repairing Machinery Equipment LLC, Dubai (AE)	PSYSU	100.00	100.00	100.00	100.00	AED
Megarme Inspection & Engineering Services LLC, Dubai (AE)	PSYSU	100.00	100.00	100.00	100.00	AED6)
Megarme General Contracting Company LLC, Abu Dhabi (AE)	PSYSU	100.00	100.00	100.00	100.00	AED
Nimet Srl, Lazuri (RO)	PPT BG	60.00	60.00	60.00	60.00	RON
Noreq BV, Houten (NL)	PALM AS	100.00	-	100.00	-	EUR
Omaha Standard, LLC, Council Bluffs (US)	PUSH	100.00	100.00	100.00	100.00	USD
Palfinger AB, Borlänge (SE)	EMEA	100.00	100.00	100.00	100.00	SEK
Palfinger Americas GmbH, Salzburg (AT)	PAUG	100.00	100.00	100.00	100.00	EUR
Palfinger Area Units GmbH, Salzburg (AT)	PAG	100.00	100.00	100.00	100.00	EUR
Palfinger Asia Pacific Pte. Ltd., Singapore (SG)	PAUG	100.00	100.00	100.00	100.00	EUR
Palfinger Canarias Maquinaria S.L., Las Palmas de Gran Canaria (ES)	PIB	100.00	100.00	100.00	100.00	EUR
Palfinger comércio e aluguer de máquinas S.A., Samora Correira (PT)	PIB	100.00	100.00	100.00	100.00	EUR
Palfinger Crane Rus OOO, St. Petersburg (RU)	EMEA	100.00	100.00	100.00	100.00	RUB
Palfinger India Pvt. Ltd., Chennai (IN)	PAUG	100.00	100.00	100.00	100.00	INR
Palfinger Danmark AS, Middelfart (DK)	EMEA	100.00	100.00	100.00	100.00	DKK
Palfinger Deutschland Beteiligungs GmbH, Ganderkesee-Hoykenkamp (DE)	EMEA	100.00	100.00	100.00	100.00	EUR
Palfinger Duisburg, Ainring (DL)	PD	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	EUR
Palfinger GmbH, Ainring (DE)[5)]	PP	100.00	100.00	100.00	100.00	EUR
Palfinger Hayons S.A.S., Silly en Gouffern (FR)	EMEA	100.00	100.00	100.00	100.00	EUR
Palfinger Ibérica Maquinaria S.L., Madrid (ES)	EMEA	100.00	100.00	100.00	100.00	EUR
Palfinger Interlift LLC, Los Angeles (US)	PUSH	-	100.00	-	100.00	USD
Palfinger Japan K.K., Yokohama (JP)	PAP	100.00	100.00	100.00	100.00	JPY
Palfinger Kama Cylinders OOO, Neftekamsk (RU)	EMEA	51.00	51.00	51.00	51.00	RUB
Palfinger Korea Co., Ltd., Seongnam-si (KR)	PAP	100.00	100.00	100.00	100.00	KRW
Palfinger Lifting Solutions Italy S.r.l., Bolzano (IT)	PEU	100.00	100.00	100.00	100.00	EUR
Palfinger Marine Australia PTY Ltd, Winthrop (AUS)	PAP	-	100.00	-	100.00	AUD
Palfinger Marine Canada Inc., Langley (CA)	PALM AS	100.00	100.00	100.00	100.00	CAD
Palfinger Marine Czech s.r.o., Slaný (CZ)	PALM EU	100.00	100.00	100.00	100.00	CZK
Palfinger Marine DK AS, Munkebo (DK)	PALM AS	100.00	100.00	100.00	100.00	DKK
Palfinger Marine Do Brasil Ltda., Rio de Janeiro (BR)	PALMA	100.00	100.00	100.00	100.00	BRL
Palfinger Marine Doha WLL, Doha (QU)	PSYSU	100.00	100.00	100.00	100.00	QAR
Palfinger Marine Europe B.V., Schiedam (NL)	PALM AS	100.00	100.00	100.00	100.00	EUR
Palfinger Marine Germany GmbH, Dägeling (DE)	PALM AS	100.00	100.00	100.00	100.00	EUR
Palfinger Marine GmbH, Salzburg (AT)	PAG	100.00	100.00	100.00	100.00	EUR
Palfinger Marine Hong Kong Limited, Hong Kong (CN)	PALM AS	100.00	100.00	100.00	100.00	HKD
Palfinger Marine Italy Srl, Livorno (IT)	PALM AS	100.00	100.00	100.00	100.00	EUR
Palfinger Marine Korea Ltd., Sacheon-si (KR)	PALMA	100.00	-	100.00	-	KRW
Palfinger Marine LSE (Qingdao) Co., Ltd., Qingdao City (CN)	PALM AS	100.00	100.00	100.00	100.00	CNY

Company, registered office	Parent company[1]	Direct investment[2] (in percent) 2022	Direct investment[2] (in percent) 2023	Indirect investment[3] (in percent) 2022	Indirect investment[3] (in percent) 2023	FC[4]
Consolidated entities						
Palfinger Marine Montagens Industriais do Brasil Ltda., Porto Alegre (BR)	PALM BR	99.00	99.00	99.00	99.00	BRL
Palfinger Marine Netherlands B.V., Haderwijk (NL)	PALMA	100.00	100.00	100.00	100.00	EUR
Palfinger Marine Norway AS, Bergen (NO)	PM HO	100.00	100.00	100.00	100.00	NOK
Palfinger Marine Norway Holding AS, Nesttun (NO)	PALMA	100.00	100.00	100.00	100.00	NOK
Palfinger Marine Poland sp. z.o.o., Gdynia (PL)	PALMA	100.00	100.00	100.00	100.00	PLN
Palfinger Marine Rus OOO, St. Petersburg (RU)	PALMA	100.00	100.00	100.00	100.00	RUB
Palfinger Marine Safety AS, Seimsfoss (NO)	PM HO	100.00	100.00	100.00	100.00	NOK
Palfinger Marine Spain, S.L., Cádiz (ES)	PALM AS	100.00	100.00	100.00	100.00	EUR
Palfinger Marine UK Limited, Gosport Hampshire (UK)	PALM AS	100.00	100.00	100.00	100.00	GBP
Palfinger Marine USA Inc., New Iberia (US)	PUSH	100.00	100.00	100.00	100.00	USD
Palfinger Marine Vietnam Co., Ltd., Hung Yen (VN)	PM NL	100.00	100.00	100.00	100.00	USD
Palfinger North America,LLC, Council Bluffs (US)	PUSH	100.00	100.00	100.00	100.00	USD
Palfinger Platforms GmbH, Krefeld (DE)5)	PDB	100.00	100.00	100.00	100.00	EUR
Palfinger Poland sp.z.o.o., Solec Kujawski (PL)	EMEA	100.00	100.00	100.00	100.00	PLN
Palfinger Produktionstechnik Bulgaria EOOD, Cherven Brjag (BG)	EMEA	100.00	100.00	100.00	100.00	EUR
Palfinger proizvodna tehnologija Hrvatska d.o.o., Delnice (HR)	EMEA	100.00	100.00	100.00	100.00	EUR
PALFINGER proizvodnja d.o.o., Maribor (SI)	EMEA	100.00	100.00	100.00	100.00	EUR
Palfinger proizvodna d.o.o. Beograd, Beograd (SRB)	EMEA	100.00	100.00	100.00	100.00	RSD
Palfinger S.r.l., Bolzano (IT)	PSUG	100.00	100.00	100.00	100.00	EUR
Palfinger S. Units GmbH, Salzburg (AT)	PAG	100.00	100.00	100.00	100.00	EUR
STRUCINSPECT GmbH, Vienna (AT)	PAG	82.18	82.18	82.18	82.18	EUR
Palfinger systems units GmbH, Salzburg (AT)	PAG	100.00	100.00	100.00	100.00	EUR
Palfinger Tail Lifts GmbH, Ganderkesee-Hoykenkamp (DE)5)	PDB	100.00	100.00	100.00	100.00	EUR
Palfinger Tail Lifts Limited, Welwyn Garden City (UK)	EMEA	100.00	100.00	100.00	100.00	GBP
Palfinger Tail Lifts s.r.o., Bratislava (SK)	PALMA	100.00	100.00	100.00	100.00	EUR
Palfinger Taiwan Co., Ltd., Taipei City (TW)	PAP	100.00	100.00	100.00	100.00	TWD
Palfinger Trading (Shanghai) Co., Ltd., Shanghai (CN)	PAP	100.00	100.00	100.00	100.00	CNY
Palfinger US Holdings, Inc., Council Bluffs (US)	PAM	100.00	100.00	100.00	100.00	USD
Palfinger USA Operations, LLC, Wilmington (US)	PUSH	100.00	100.00	100.00	100.00	USD
Palfinger, Inc., Niagara Falls (CA)	PAM	100.00	100.00	100.00	100.00	USD
Palfinger USA, LLC, Tiffin (US)	OSP	100.00	100.00	100.00	100.00	USD
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) 2022	Direct investment[2] (in percent) 2023	Indirect investment[3] (in percent) 2022	Indirect investment[3] (in percent) 2023	FC[4]
Entities reported at equity						
Associated companies						
Crane Center Kamaz OOO, Nabereschnye Tschelny (RU)	EMEA	49.00	49.00	49.00	49.00	RUB
Palfinger France S.A.S., Étoile sur Rhône (FR)	EMEA	48.94	48.94	48.94	48.94	EUR
STEPA Farmkran Gesellschaft m.b.H., Elsbethen (AT)	EMEA	45.00	45.00	45.00	45.00	EUR
JETFLY Airline GmbH, Hörsching (AT)	PAG	33.30	33.30	33.30	33.30	EUR
Joint ventures						
Sany Palfinger SPV Equipment Co., Ltd., Nantong (CN)	PTS	50.00	50.00	50.00	50.00	CNY
Palfinger Sany International Mobile Cranes Sales GmbH, Salzburg (AT)	PSUG	50.00	50.00	50.00	50.00	EUR
PALFINGER SANY Cranes OOO, Moscow (RU)	PSV	100.00	100.00	50.00	50.00	RUB
Palfinger Neptune Marine Equipment Technology (Shanghai) Co., Ltd., Shanghai (CN)	PM NL	50.00	50.00	50.00	50.00	CNY
Other shareholdings						
Atheno AS, Stord (NO)	PALM AS	6.20	6.20	6.20	6.20	NOK
KESTRELEYE GmbH, Klagenfurt (AT)	PAG	10.00	10.00	10.00	10.00	EUR
Rosendal Hamn Eigedom AS, Rosendal (NO)	PALM AS	3.00	3.00	3.00	3.00	NOK
Rosendal Utvikling AS, Rosendal (NO)	PALM AS	8.50	8.50	8.50	8.50	NOK
Sunnhordlandsdiagonalen AS, Valen (NO)	PALM AS	4.54	4.54	4.54	4.54	NOK

1) Parent Company:
EMEA = Palfinger EMEA GmbH, Bergheim (AT)
HKPM = Holding Company Podyomnie Maschini AO, Arkhangelsk (RU)
HINZ = Palfinger AB, Borlänge (SE)
MP = Madal Palfinger S.A., Caxias do Sul (BR)
OSP = Omaha Standard, LLC, Council Bluffs (US)
PAG = PALFINGER AG, Bergheim (AT)
PALM AS = Palfinger Marine Safety AS, Seimsfoss (NO)
PALM BR = Palfinger Marine Do Brasil Ltda., Rio de Janeiro (BR)
PALM EU = Palfinger Marine Europe B.V., Schiedam (NL)
PALM US = Palfinger Marine USA Inc., New Iberia (US)
PALMA = Palfinger Marine GmbH, Salzburg (AT)
PAM = Palfinger Americas GmbH, Salzburg (AT)
PAP = Palfinger Asia Pacific Pte. Ltd., Singapur (SG)
PAUG = Palfinger Area Units GmbH, Salzburg (AT)
PD = Palfinger GmbH, Ainring (DE)
PDB = Palfinger Deutschland Beteiligungs GmbH, Ganderkesee (DE)
PEU = Palfinger Europe GmbH, Salzburg (AT)
PIB = Palfinger Ibérica Maqiunaria S.L., Madrid (ES)
PM = Podyomnie Maschini AO, Velikiye Luki (RU)
PM HO = Palfinger Marine Norway Holding AS, Nesttun (NO)
PM NL = Palfinger Marine Netherlands B.V., Harderwijk (NL)
PM NO = Palfinger Marine Norway AS, Nesttun (NO)
PP = Palfinger Platforms GmbH, Löbau (DE)
PPT = Palfinger Produktionstechnik Bulgaria EOOD, Cherven Brjag (BG)
PSUG = Palfinger S. Units GmbH, Salzburg (AT)
PSV = Palfinger Sany International Mobile Cranes Sales GmbH, Salzburg (AT)
PSYSU = Palfinger systems units GmbH, Salzburg (AT)
PTL DE =Palfinger Tail Lifts GmbH, Ganderkesee (DE)
PTS = Palfinger Trading (Shanghai) Co., Ltd., Shanghai (CN)
PUSH = Palfinger US Holdings, Inc., Schaumburg (US)
VMS = Velmash-S OOO, Velikiye Luki (RU))
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

Statement

& Reports

STATEMENT OF ALL MANAGEMENT

We confirm to the best of our knowledge that the consolidated financial statements for the year ended December 31, 2023, 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, 2023 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, 2023, 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, 2023, gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Bergheim, March 5, 2024

Executive Board of PALFINGER AG

Andreas Klauser
CEO

Felix Strohbichler
CFO

Alexander Susanek
COO

Maria Koller
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 consolidated financial statements of PALFINGER AG, Bergheim bei Salzburg, and its subsidiaries (the Group), which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year ended December 31, 2023, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional regulations of section 245a UGB (Austrian Company Code).

Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and Austrian Generally Accepted Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of the auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the financial year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have structured key audit matters as follows:

- Description
- Audit approach and key observations
- Reference to related disclosures

Recoverability of the carrying amounts of cash generating units

- Description

The Group carries out an impairment test in accordance with the provisions of IAS 36 for 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 individual asset or the cash generating unit exceeds the recoverable amount. The recoverable amount of an asset 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 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.

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 checked the mathematical accuracy of the valuation model. 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 by involving our internal valuation experts. We assessed whether the disclosures in the notes to the consolidated financial statements on the impairment tests are mathematically accurate, appropriate and complete. 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, 2023 under note 28 – "Intangible assets" in subsection "Intangible assets with indefinite useful lives" as well as note "Use of estimates and discretionary decisions".

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional regulations of section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with all relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations. Regarding the consolidated non-financial statement contained in the management report for the Group, it is our responsibility to examine whether it has been prepared, to read it and to consider whether it is, based on our knowledge obtained in the audit, materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian standards on auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the applicable legal regulations, comprising the details in accordance with section 243a UGB, and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Additional Information in Accordance with Article 10 of the EU Regulation

We were elected as statutory auditor at the ordinary general meeting dated March 30, 2023. We were appointed by the Supervisory Board on May 10, 2023. We have audited the Company for an uninterrupted period since the financial year 2020.

We confirm that the audit opinion in the "Report on the Consolidated Financial Statements" section is consistent with the additional report to the Audit Committee referred to in Article 11 of the EU Regulation.

We declare that no prohibited non-audit services (Article 5 para. 1 of the EU Regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Engagement Partner

Responsible for the proper performance of the engagement is Mr. Peter Pessenlehner, Austrian Certified Public Accountant.

Vienna

March 5, 2024

PwC Wirtschaftsprüfung GmbH

Peter Pessenlehner
Austrian Certified Public Accountant

signed

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the financial statements together with our auditor's report is only allowed if the financial statements and the management report are identical with the German audited version. This auditor's report is only applicable to the German and complete financial statements with the management report. For deviating versions, the provisions of section 281 para. 2 UGB apply.

INDEPENDENT ASSURANCE REPORT ON THE LIMITED ASSURANCE ENGAGEMENT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT FOR THE FINANCIAL YEAR 2023

We draw attention to the fact that the English translation of this statement is presented for the convenience of the reader only and that the German wording is the only legally binding version.

(Translation)

We have performed a limited assurance engagement of the consolidated non-financial statement for the financial year 2023 of PALFINGER AG, Bergheim bei Salzburg, and its subsidiaries (the "Group") for the year ended December 31, 2023.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Company's consolidated non-financial statement 2023 is not prepared, in all material aspects, in accordance with the requirements of section 267a UGB and the "EU Taxonomy Regulation" (EU Regulation 2020/852) as well as the GRI Standards 2021.

Responsibility of Management and the Supervisory Board

Management is responsible for the preparation of the consolidated non-financial report in accordance with the requirements of section 267a UGB and the "EU Taxonomy Regulation" (Regulation (EU) No. 2020/852) as well as the GRI Standards 2021.

Management's responsibility includes the selection and application of appropriate methods to prepare the non-financial reporting (in particular the selection of key issues) as well as making assumptions and estimates related to individual sustainability disclosures which are reasonable in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a consolidated non-financial report that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for examining the consolidated non-financial report.

Auditor's Responsibility

Our responsibility is to express a limited assurance conclusion based on our procedures performed and evidence obtained as to whether anything has come to our attention that causes us to believe that the Company's non-financial report is not prepared, in all material aspects, in accordance with the legal requirements of section 267a UGB and the "EU Taxonomy Regulation" (Regulation (EU) No. 2020/852) as well as the GRI Standards 2021.

We performed our limited assurance engagement in accordance with the professional standards applicable in Austria with regard to other assurance engagements (KFS/PG 13). These standards require that we comply with our ethical requirements, including rules on independence, and that we plan and perform our procedures by considering the principle of materiality to be able to express a limited assurance conclusion based on the assurance obtained.

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.

The selection of the procedures lies in the sole discretion of the auditor and comprised, in particular, the following procedures:

- Critical assessment of the Group's analysis of materiality considering the concerns of external stakeholders
- Analysis of risks regarding the essential non-financial matters / disclosures
- Updating the overview of the policies pursued by the Group, including due diligence processes implemented as well as the processes used to ensure an accurate presentation in the consolidated non-financial statement
- Updating the understanding of reporting processes by interviewing the relevant employees and inspecting selected documentations
- Evaluating the reported disclosures by performing analytical procedures regarding non-financial performance indicators, interviewing relevant employees and inspecting selected documentations
- Examining the consolidated non-financial statement regarding its completeness in accordance with the requirements of section 267a UGB and the "EU Taxonomy Regulation" (EU Regulation 2020/852) as well as the GRI Standards 2021
- Evaluating the overall presentation of the disclosures and non-financial information

The following is not part of our engagement:

- Examining the processes and internal controls particularly regarding their design, implementation and effectiveness
- Performing procedures at individual locations as well as measurements or individual evaluations to check the reliability and accuracy of data received
- Examining the prior-year figures, forward-looking information or data from external surveys
- Checking the correct transfer of data and references from the (consolidated) financial statements to the non-financial report; and
- Examining the information and disclosures on the website or further references on the internet

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Neither an audit nor a review of financial statements is objective of our engagement. Furthermore, neither the disclosure and solution of fraud, such as e.g., embezzlement or other kinds of fraudulent acts and wrongful doings, nor the assessment of the effectiveness and profitability of the management are objectives of our engagement.

Restriction of Use

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. Consequently, this report may not – be it in whole or in part – be transmitted to third parties without our express consent.

General Conditions of Contract

Our report is issued based on the engagement agreed upon with you 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.

Vienna

March 5, 2024

PwC Wirtschaftsprüfung GmbH

Peter Pessenlehner
Austrian Certified Public Accountant

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board performed the tasks required of it by law and the Articles of Association in the 2023 financial year. It held one constituent meeting on March 24, 2023 and four ordinary meetings on February 23, June 13, September 27 and December 13, 2023, as well as one extraordinary meeting on August 24, 2023, in each case with the participation of the Executive Board. In addition, the Executive Board provided the Supervisory Board with regular written and verbal reports on the course of business and the situation of the company and the group companies. The Chairman of the Supervisory Board was in regular contact with the Executive Board – also outside the Supervisory Board meetings – and discussed the company's strategy, business development and risk situation with it.

In addition to current development and planning, in the 2023 financial year the Supervisory Board dealt with the effects of the challenging economic conditions connected with Covid-19, the Ukraine crisis and the difficult situation on the procurement markets, major investment decisions as well as acquisition, integration, restructuring and expansion projects, the strategy in the individual segments, the sustainability strategy and reporting, the developments in group-wide risk management and the associated economic, ecological and social risks.

Furthermore, three Audit Committee meetings were held in 2023, at which the Audit Committee focused on the 2023 annual financial statements, the internal control system, risk management, IFRS and accounting issues, internal auditing, and cooperation with the auditor.

In two meetings in 2023, the Nomination Committee primarily discussed the following topics: the cooperation and working methods of the Executive Board; the extension of Mr. Strohbichler's Management Board mandate beyond December 31, 2023, the extension of Mr. Klauser's Management Board mandate beyond May 31 2023; and the preparation of a proposal for filling a vacant supervisory board mandate in the course of the 2023 Annual General Meeting.

The Compensation Committee held three meetings in 2023, focusing on the compensation of the Executive Board members, the development of a new long-term incentive program for the Executive Board, and the preparation of the compensation report for the 2023 Annual General Meeting.

The Project Committee is entrusted with the in-depth examination of research and development projects and the preparation of related reporting and resolution items for the Supervisory Board and held two meetings in 2023.

The Digital Committee deals in depth with digital technologies and the preparation of related reporting and resolution items for the Supervisory Board and held two meetings in 2023.

In September 2022, Ms. Cai resigned from the Supervisory Board. She had not attended any of the meetings of the Supervisory Board up to that point. However, this in no way impaired the functioning of the Supervisory Board. Ms. Cai did not receive any supervisory board remuneration.

For further details of the composition and working methods of the Supervisory Board and its committees, please refer to the Corporate Governance Report 2023.

The annual financial statements of PALFINGER AG as of December 31, 2023 and the management report for 2023, including the non-financial statement in accordance with Section 267a of the Austrian Commercial Code (UGB), were audited by PwC Wirtschaftsprüfung GmbH, including the bookkeeping. The audit showed that the bookkeeping, the annual financial statements and the management report of PALFINGER AG comply with the statutory provisions and that the provisions of the Articles of Association have been observed. According to its final results, the audit gave no cause for objection, so that an unqualified audit opinion was issued by the auditing company for 2023. This also applies to the consolidated financial statements for 2023. The consolidated financial statements prepared in accordance with IFRS (as adopted by the EU) were supplemented by the group management report and further notes in accordance with Section 245a of the Austrian Commercial Code.

The Supervisory Board approved the annual financial statements prepared as of December 31, 2023, including the management report and corporate governance report for the 2023 financial year. The 2023 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 2023 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 2023 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 2023 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 2023 financial year.

Bergheim, March 5, 2024

Hubert Palfinger

GENERAL INFORMATION

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Hyde&Hyde

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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 06, 2024

PALFINGER AG
Austria, Bergheim

- 100% **PALFINGER EMEA GmbH** – Austria, Bergheim
  - 65% **EPSILON Kran GmbH** – Austria, Salzburg – 35% Steindl Holding GmbH
  - 45% **STEPA Farmkran GmbH** – Austria, Elsbethen – 55% STEINDL KRANTECHNIK GmbH
  - 100% **PALFINGER Europe GmbH** – Austria, Salzburg
  - 100% **PALFINGER Lifting Solutions Italy S.r.l.** – Italy, Bozen
  - 100% **PALFINGER Germany Beteiligungs GmbH** – Germany, Ganderkesee-Hoykenkamp
    - 100% **PALFINGER Tail Lifts GmbH** – Germany, Ganderkesee-Hoykenkamp
    - 90% **PALFINGER Platforms GmbH** – Germany, Löbau – 10% PALFINGER Europe GmbH
    - 90% **PALFINGER GmbH** – Germany, Ainring – 10% PALFINGER Europe GmbH
      - 100% **PALFINGER Duisburg GmbH** – Germany, Duisburg
  - 100% **PALFINGER Hayons S.A.S.** – France, Silly en Gouffern
  - 100% **Guima PALFINGER S.A.S.** – France, Caussade
  - 48,94% **PALFINGER France S.A.S.** – France, Étoile sur Rhône – 51,06% Group Vincent et.al.
  - 100% **PALFINGER AB** – Sweden, Haninge
    - 100% **Hinz Fastighets AB** – Sweden, Borlänge
    - 99% **Handelsbolaget Bunsön 7:1** – Sweden, Borlänge – 1% Hinz Fastighets AB
  - 100% **Equipdraulic, S.L.** – Spain, Barcelona
  - 100% **PALFINGER Tail Lifts Limited** – United Kingdom, Welwyn Garden City
  - 100% **PALFINGER Danmark AS** – Denmark, Middelfart
  - 100% **PALFINGER Produktionstechnik Bulgaria EOOD** – Bulgaria, Cherven Brjag
    - 60% **Nimet Srl** – Romania, Lazuri – 40% Samy Numan
  - 100% **PALFINGER GBS BULGARIA EOOD** – Bulgaria, Sofia
  - 100% **PALFINGER proizvodnja d.o.o.** – Slovenia, Marburg
  - 100% **PALFINGER proizvodna tehnologija Hrvatska d.o.o.** – Croatia, Delnice
  - 100% **PALFINGER proizvodnja d.o.o.** – Serbia, Nis
  - 100% **PALFINGER Poland sp.z.o.o** – Poland, Solec Kujawski
  - 100% **PALFINGER Ibérica Maquinaria, S.L.U.** – Spain, Madrid
    - 100% **PALFINGER comércio e aluguer de máquinas, S.A.** – Portugal, Samora Correira
    - 100% **PALFINGER Canarias Maquinaria S.L.** – Spain, Las Palmas de Gran Canaria
    - 100% **Elesa centro de montaje y servicios, S.A** – Spain, Madrid
  - 100% **INMAN AO** – Russia, Ischimbai
  - 51% **PALFINGER Kama Cylinders OOO** – Russia, Neftekamsk – 49% KAMAZ PAO
  - 49% **Crane Center Kamaz OOO** – Russia, Nabereschnyje Tschelny – 49% KAMAZ PAO, 2% Anton Syreischikov
  - 100% **PALFINGER Crane Rus OOO** – Russia, St. Petersburg
  - 75,03% **Podyomnie Maschini AO** – Russia, Velikiye Luki – 24,97% Steindl PM GmbH
    - 100% **SMZ OOO** – Russia, Arkhangelsk
    - 100% **Velmash-S OOO** – Russia, Velikiye Luki
- 100% **PALFINGER Area Units GmbH** – Austria, Salzburg
  - 100% **PALFINGER Americas GmbH** – Austria, Salzburg
    - 70% **Andrés N. Bertotto S.A.I.C. (Hidro-Grubert)** – Argentina, Río Tercero – 30% Familie Bertotto
    - 99,91% **Madal PALFINGER S.A.** – Brazil, Caxias do Sul – 0,09% Retail Shareholders
    - 100% **PALFINGER, Inc.** – Canada, Niagara Falls
    - 100% **PALFINGER US Holdings, Inc.** – USA, Schaumburg
      - 100% **PALFINGER Marine USA Inc.** – USA, New Iberia
      - 100% **PALFINGER Interlift, LLC** – USA, Cerritos
      - 100% **Omaha Standard, LLC** – USA, Council Bluffs
        - 100% **PALFINGER USA, LLC** – USA, Tiffin
      - 100% **Equipment Technology, LLC** – USA, Oklahoma City
      - 100% **PALFINGER North America, LLC** – USA, Schaumburg
      - 100% **Palfinger USA Operations, LLC** – USA, Wilmington
  - 99,99% **PALFINGER India Pvt. Ltd.** – India, Chennai – 0,01% PALFINGER Asia Pacific Pte. Ltd.
  - 100% **PALFINGER Asia Pacific Pte. Ltd.** – Singapore, Singapore
    - 100% **PALFINGER Trading (Shanghai) Co., Ltd.** – China, Shanghai
      - 100% **PALFINGER Equipment (Nantong) Co., Ltd.** – China, Nantong
      - 50% **Sany PALFINGER SPV Equipment Co., Ltd.** – China, Nantong – 50% SANY Automobile Hoisting Machinery Co Ltd.
    - 100% **PALFINGER Japan K.K.** – Japan, Yokohama
    - 100% **PALFINGER Taiwan Co., Ltd.** – Taiwan, Taipeh
    - 100% **Palfinger Marine Australia Pty Ltd.** – Australia, Winthrop
    - 100% **PALFINGER Korea Co., Ltd.** – South Korea, Seongnam-si
- 100% **PALFINGER S. Units GmbH** – Austria, Salzburg
  - 100% **PALFINGER s.r.l.** – Italy, Bozen
  - 50% **PALFINGER Sany International Mobile Cranes Sales GmbH** – Austria, Salzburg – 50% SANY Belgium Holding S.A.
    - 100% **PALFINGER SANY Cranes OOO** – Russia, Moskau
- 82,18% **PALFINGER Structural Inspection GmbH** – Austria, Wien – 17,82% VCE Vienna Consulting Engineers ZT GmbH et al.
- 33,33% **JETFLY Airline GmbH** – Austria, Hörsching – 33,33% Pierer Industrie et al AG; 30% FSS Vermögensverwaltungs GmbH; 3,33% Kletzmaier Beteiligungsverwaltungsgesellschaft m.b.H.
- 10% **KESTRELEYE GmbH** – Austria, Klagenfurt

Consolidated

Entities measured using equity method accounting and other equity interests

As at December 31, 2023

PALFINGER AG
Austria, Bergheim

- 100% **PALFINGER Marine GmbH** – Austria, Salzburg
  - 100% **PALFINGER Marine Netherlands B.V.** – Netherlands, Harderwijk
    - 100% **PALFINGER Marine Vietnam Co., Ltd.** – Vietnam, Hung Yen
    - 50% **Palfinger Neptune Marine Equipment Technology (Shanghai) Co., Ltd.** – China, Shanghai
      50% Jiangyin Neptune Marine Appliance Co. Ltd. (CN)
  - 100% **PALFINGER Marine Poland sp. z.o.o.** – Poland, Gdynia
  - 96,65% **PALFINGER Marine Do Brasil Ltda.** – Brazil, Rio de Janeiro
    3,35% PALFINGER Marine Safety AS
    - 99% **PALFINGER Marine Montagens Industriais do Brasil Ltda.** – Brazil, Porto Alegre
      1% Koch Metalúrgica Ltda.
  - 100% **PALFINGER Marine Rus OOO** – Russia, St. Petersburg
  - 100% **PALFINGER Tail Lifts s.r.o.** – Slovakia, Bratislava
  - 100% **PALFINGER Marine Norway Holding AS** – Norway, Nesttun
    - 100% **PALFINGER Marine Norway AS** – Norway, Nesttun
    - 100% **PALFINGER Marine Safety AS** – Norway, Seimsfoss
      - 100% **PALFINGER Marine Canada Inc.** – Canada, Langley
      - 100% **PALFINGER Marine LSE (Qingdao) Co., Ltd.** – China, Qingdao
      - 100% **PALFINGER Marine Hong Kong Limited** – China, Hongkong
      - 100% **PALFINGER Marine UK Limited** – United Kingdom, Gosport Hampshire
      - 100% **PALFINGER Marine DK AS** – Denmark, Munkebo
      - 100% **PALFINGER Marine Spain SL** – Spain, Cádiz
      - 100% **PALFINGER Marine Italy Srl** – Italy, Livorno
      - 100% **PALFINGER Marine Germany GmbH** – Germany, Dägeling
      - 100% **PALFINGER Marine Europe B.V.** – Netherlands, Schiedam
        - 100% **PALFINGER Marine Czech s.r.o.** – Czech Republic, Slaný
- 100% **PALFINGER systems units GmbH** – Austria, Salzburg
  - 100%* **Mega Repairing Machinery Equipment LLC** – United Arab Emirates, Dubai
  - 100%* **Megarme Inspection & Engineering Services LLC** – United Arab Emirates, Dubai
  - 100%* **Megarme General Contracting Company LLC** – United Arab Emirates, Abu Dhabi
  - 100%* **PALFINGER Marine Doha WLL** – Qatar, Doha

☐ Consolidated
☐ Entities measured using equity method accounting and other equity interests
* Some shares held in trust

As at December 31, 2023

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Financial Calendar 2024

March 07	Balance sheet press conference 2023
April 10	Annual General Meeting
April 15	Ex-dividend date
April 16	Dividend record date
April 18	Dividend payment date
April 26	Publication of results Q1/2024
July 26	Publication of results HY/2024
Oct. 28	Publication of results Q1-3/2024

Additional dates such as trade fairs will be announced on the website.

Investors and other interested parties who wish to receive regular news about the PALFINGER Group may register for the info service on the PALFINGER website. The PALFINGER Investor Relations app is also available for download on the Company's website as well as in leading app stores.
www.palfinger.ag/en/investors; www.palfinger.ag/en/investors/ir-service

The digital version of the Annual Report as well as the download link can be found at i-report.palfinger.ag
i-report.palfinger.ag

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