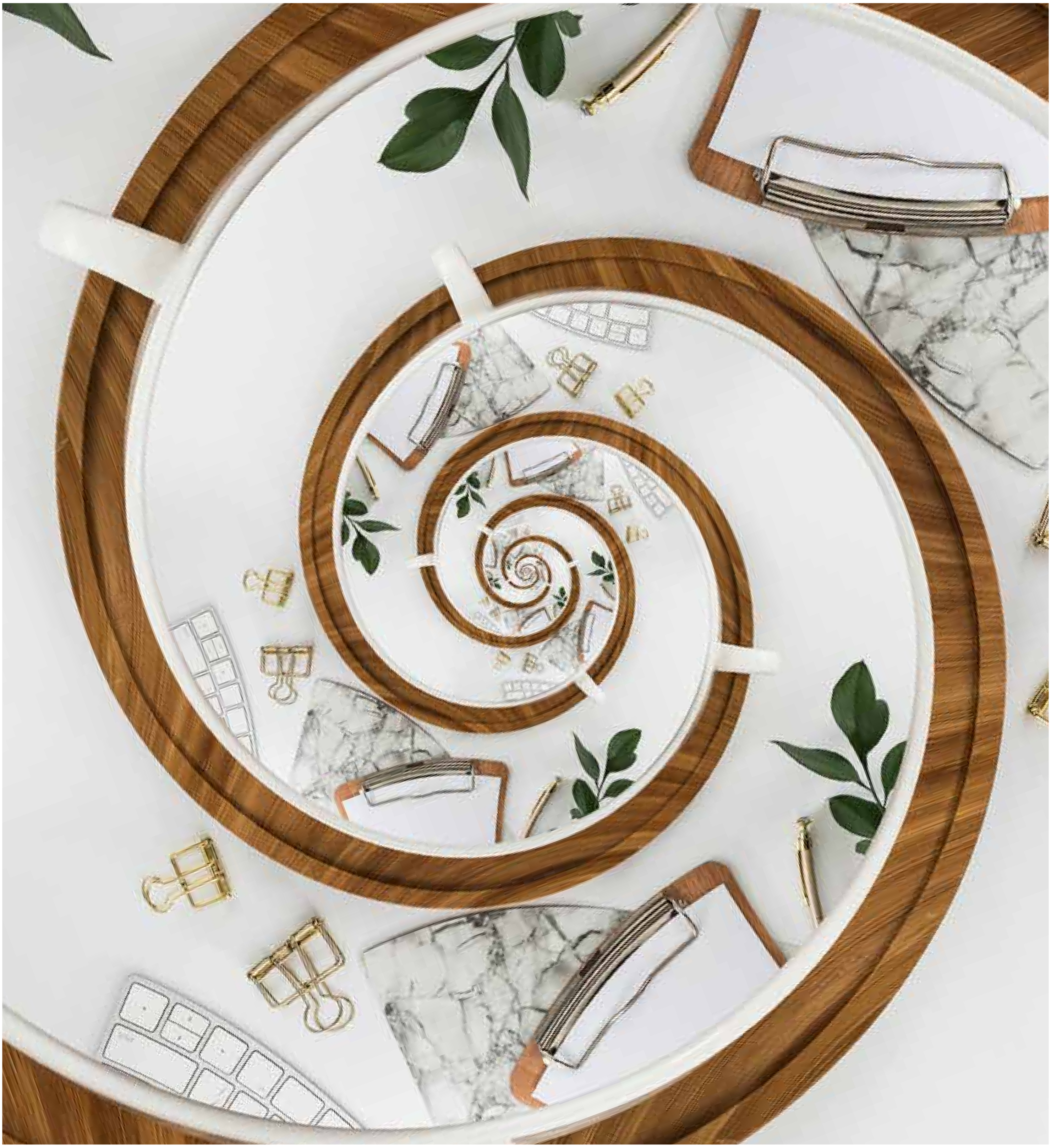
Interim Report of the First Half of 2023



KEY FIGURES OF THE PALFINGER GROUP

EUR thousand	HY 2019	HY 2020	HY 2021	HY 2022	HY 2023
Income statement					
Revenue	893,372	729,846	884,124	1,038,997	1,214,920
EBITDA	120,137	84,866	133,505	119,511	157,857
EBITDA margin	13.4%	11.6%	15.1%	11.5%	13.0%
EBIT (operating result)	83,283	38,742	92,134	80,244	111,263
EBIT margin	9.3%	5.3%	10.4%	7.7%	9.2%
Earnings before tax	74,944	30,353	87,494	75,120	96,474
Consolidated net result	43,558	15,112	56,074	39,186	63,280
Balance sheet					
Net working capital (average)	362,908	338,612	363,221	432,289	523,557
Capital employed (average)	1,115,560	1,135,983	1,034,428	1,189,560	1,341,045
ROCE	8.8%	6.8%	11.1%	9.0%	10.2%
Equity	589,592	622,903	669,237	684,575	674,655
Equity ratio	35.8%	38.8%	39.3%	34.6%	33.1%
Net debt	570,063	494,324	386,081	604,120	722,934
Gearing	96.7%	79.4%	57.7%	88.3%	107.2%
Cash flows and investments					
Cash flow from operating activities	57,772	66,001	81,861	(9,385)	29,584
Free cash flow	52,437	42,765	41,009	(48,703)	(46,964)
Net investments	40,217	29,992	42,999	56,321	78,791
Depreciation, amortization and impairment	36,854	46,124	41,371	39,267	46,594
Human resources					
Employees[1)]	11,075	11,078	11,653	12,135	12,565
Share					
International Securities Identification Number (ISIN)					AT0000758305
Market capitalization	1,015,018	736,828	1,328,922	757,915	1,048,852
Price as at month end (EUR)	27.00	19.60	35.35	21.80	27.90
Earnings per share (EUR)	1.16	0.40	1.49	1.13	1.82

1) Reporting date figures of consolidated Group companies without equity investments and without contingent workers.

Dear shareholders,

the first half of 2023 was characterized by inflation, interest rate hikes and a slowdown in economic development. Nevertheless, PALFINGER AG delivered an outstanding performance. At EUR 1,214.9 million the half-year turnover was around 16.9 percent above that for the same period of the previous year. EBIT rose overproportionately by 38.7 percent year-on-year to EUR 111.3 million. These figures reflect high capacity utilization at the production plants and flourishing business in the North American market (NAM), a market with big growth potential for PALFINGER. Furthermore, last year's price adjustments had a positive effect. Supply chain stability and raw material and freight costs have also improved. However, persistently high inventory levels and targeted investments in future-oriented structures continued to weigh on cash flow and net financial debt.

One of the most visible long-term investments is the expansion of the PALFINGER Campus and PALFINGER World in Lengau. Here, a modern training and development center and a state-of-the-art brand and product experience facility have been created. At our largest production site, the new PALFINGER Campus combines training in 18 different technical and commercial professions as well as courses and qualifications at the highest level. This forms the basis for training urgently needed specialists internally and for pooling expertise.

An additional investment was completed with the opening of the new NAM headquarters in Schaumburg, Illinois. PALFINGER's presence in the Chicago area unites regional management, sales & service, purchasing, HR, finance, and other departments. In addition, the new headquarters offers an innovative demonstration and training center with a virtual reality experience, modern conference facilities and office space, and a PALFINGER fan store.

The successful placement of an ESG-linked promissory note loan of EUR 154 million demonstrates the high priority we attach to sustainability. The conditions are linked to two sustainability KPIs – product-related CO2 emissions and injury rate.

With a view to the future and the stringent and consistent implementation of the Vision & Strategy 2030, we are delighted that Alexander Susanek has taken over as Chief Operating Officer as of July 1st. Alexander Susanek is responsible for production, product line management, research & development, purchasing and supply chain management. We will jointly intensify our efforts to drive forward PALFINGER's ongoing transformation process.

Against the background of a strong first half year and our order backlog, we are targeting sales of EUR 2.4 billion and an EBIT of EUR 200 million for the year 2023 despite the macroeconomic and geopolitical uncertainties. We are sticking to our target of achieving sales of EUR 3.0 billion by 2027 with an EBIT margin of 10 percent and ROCE of 12 percent.

We would like to thank you for your trust and assure you that we will continue to do everything in our power to lead our company successfully into the future.

Ing. Andreas Klauser
Chief Executive Officer

Dr. Felix Strohbichler
Chief Financial Officer

CONSOLIDATED MANAGEMENT REPORT AS OF JUNE 30, 2023

DEVELOPMENT OF THE PALFINGER GROUP IN THE FIRST HALF OF THE YEAR 2023

- **Sales, EBIT and consolidated net result at record levels**
- **Inflation and interest rates curb economic development**
- **Lack of delivery reliability for trucks and capacity bottlenecks in the construction lead to high finished goods inventories**

MACROECONOMIC CONDITIONS

The global economy continues to grapple with the effects of the ongoing war in Ukraine. According to the European Commission, the euro zone will achieve a plus of 1.0 percent in 2023 after growth of 2.7 percent in the previous year. The USA should achieve economic growth of 1.6 percent. All growth rates are therefore once again lower than in the same period of the previous year. Global economic growth, however, did not decline as much as expected due to increased budget spending in the USA and the EU and the slight recovery of the economy in China.

Demand for steel products and developments in steel price

For PALFINGER, developments affecting steel are of central importance. Global steel demand is expected to decline slightly to 1.82 billion tons in 2023 (1.88 billion tons in the previous year).

At the beginning of the year, iron ore prices increased significantly. During the first half of the year, the price dropped to as low as USD 105 due to reduced demand in China. An increase to USD 112 was recorded at the end of June.

Foreign exchange and inflation

PALFINGER's global business activities result in payment flows in various currencies. The US dollar (USD) has the greatest impact on PALFINGER AG's business development. For example, the price of steel on the London Metal Exchange is quoted in USD. The USD exchange rate fell again against the euro in the first half of the year following the significant rise in 2022 and was at pre-war levels at the end of June.

In the advanced economies, inflation averaged 4.8 percent in the first half of 2023. According to Statistics Austria, the Austrian inflation rate as of June averaged 8 percent.

As a global company, PALFINGER is affected by global market developments. In particular, the rise in interest rates and inflation together with the associated slowdown in economic development have already had an impact on order intake in the first half of the year.

The following report details these effects as well as the business performance in the first half of 2023.

SALES & SERVICE

The global function of Sales & Service is responsible for sales and service business at PALFINGER and is organized into regions, each of which is headed by a regional sales and service manager.

Significant events in the first half of 2023

2023 started with a high order backlog that continues to provide good visibility into the 4th quarter. However, the development was quite different in the individual regions. The best development was recorded in North America (NAM) thanks to high demand for service cranes and truck-mounted forklifts in particular. In the Asia and Pacific region (APAC), a high order intake for loader cranes was also achieved. Among other things, the marine sector benefited significantly from digitalization projects for offshore cranes. The Europe, Middle East and Africa (EMEA) region recorded a significant decline in order intake due to the general market development, particularly in the construction industry.

In this market environment, PALFINGER succeeded in significantly improving its delivery reliability. However, the still critical truck availability as well as the limited installation capacities of the dealers continued to lead to high inventories of finished products.

At the same time, last year's implemented price increases had a positive impact on earnings. Given the more stable supply chain situation and the resulting shorter delivery times, Dynamic Pricing was modified. PALFINGER now offers customers a twelve-month price commitment, with the option of a subsequent adjustment in the event of a massive increase in costs.

The NAM region remains in focus as a medium- and long-term growth market. The strong development of the North American market strengthens the market potential further. In March, PALFINGER presented the latest product solutions at CONEXPO in Las Vegas, America's largest construction equipment trade show. In June, the new regional headquarters, which includes a demonstration and training center, was opened in Schaumburg, Illinois.

Outlook

In the second half of the year, PALFINGER will continue to face the same challenges as in the first half. The focus will be on the structured reduction of inventories, the further improvement of delivery reliability and the acquisition of new customer orders.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Procurement at PALFINGER is organized by two functions: "Procurement" and "Supply Chain Management". The global “Procurement” function is responsible for PALFINGER’s entire purchasing volume. It is divided into the categories Raw Materials, Cylinders, Control Systems & Mechatronic, Hydraulic & Equipment, Drawing and Standard Parts, Chassis as well as Indirect Spend & Investment. The central "Supply Chain Management" function plans, coordinates and monitors all activities along the supply chain to ensure a smooth production process.

Significant events in the first half of 2023

Compared with the previous year, the availability of critical materials, components and freight improved significantly. Spot market purchases for semiconductors and electronic components, for example, were no longer necessary. Trucks and chassis, on the other hand, continued to experience major delays, especially in NAM.

Overall, material and supply costs remained at a high level. There was, however, a reduction in the cost of raw materials such as steel as well as freight. Still, the cost of energy- and labor-intensive components such as forgings, hydraulics and electronics remained significantly elevated. In addition, some suppliers increased their prices again in the first half of 2023.

PALFINGER created additional production capacity by transferring the assembly of truck-mounted forklifts for the North American market to Steyr Automotive. By 2027, 1,700 transportable forklifts should be produced annually.

Outlook

The fundamental challenges in the cost and supply chain situation will also shape the second half of the year. PALFINGER continues to rely on close cooperation based on partnership with its suppliers.

OPERATIONS

Production at PALFINGER is the responsibility of the global “Operations” function. This includes all production plants of the PALFINGER Group and is organized into regions. With over 7,000 employees, more than half of PALFINGER's total workforce is employed in production.

Significant events in the first half of 2023

Operations focused on increasing production capacities with the aim of reducing production backlogs. The biggest challenge was the continued critical chassis availability in NAM.

To minimize supply chain risks, the focus is on local value creation. To this end, PALFINGER is continuously investing in production facilities. In Löbau, Germany, the expansion as well as restructuring of the plant was started. In addition, preparations are underway to expand capacity with a further plant in Niš, Serbia.

To counteract the worldwide shortage of skilled workers, PALFINGER continuously invests in the training and further education of its employees. On May 8, the PALFINGER Campus and PALFINGER World were opened in Lengau. With the new campus, global training and further education are now bundled at the largest production site, in addition to manufacturing and assembling expertise and spare parts logistics.

Outlook

In the second half of the year, “Operations” will continue to focus on reducing inventories and increasing productivity across all sites.

RESEARCH AND DEVELOPMENT

Research and development contribute significantly to PALFINGER's positioning as a world-leading technology company. The global function “Product Line Management & Engineering” bundles all research and development activities for this purpose and has around 700 employees at 24 locations. As an independent, explorative corporate unit, P21st, the corporate incubator, complements the company's innovation activities.

Significant events in the first half of 2023

In May, the new TEC range models of the loader crane product line were presented, first and foremost the PK 1050 TEC. These are characterized by high ranges, stability and intuitive control options. The product range has been supplemented by, among other things, PALTRONIC 180 control electronics, a leveling assistant, and a memory position. These features increase precision, facilitate maneuvering, and enable more efficient operation.

The construction of the prototype of the offshore passenger transport system (OPTS), a multifunctional hydraulic lifting platform, was approved in the first half of the year. The system is used for the safe as well as efficient transport of people and materials to and from offshore platforms. OPTS compensates for the movement of waves and can lift up to six people at once and goods weighing up to 1,000 kg.

Outlook

The excellence program launched globally to reduce the complexity of the product range is being implemented. Furthermore, synergies are maximized across all product lines in Centers of Excellence.

OTHER EVENTS

The 35th Annual General Meeting of PALFINGER AG was held in Salzburg on March 30, in the presence of around 150 shareholders with voting rights and resolved to distribute a dividend of EUR 0.77 per share. This corresponds to a total dividend of around EUR 27 million.

On April 13, PALFINGER AG published an ad hoc announcement with a more specific revenue and earnings forecast for the first quarter of 2023 and the full year 2023. Accordingly, PALFINGER AG aims to achieve a revenue target of more than EUR 2.4 billion (2022: EUR 2.2 billion) and an EBIT target of EUR 200 million (2022: EUR 150.4 million) for the full year 2023.

On April 18, the Chairman of the Supervisory Board of PALFINGER AG announced that Martin Zehnder had decided not to extend his Management Board mandate as Chief Operation Officer (COO).

As of July 1, Alexander Susanek assumed the responsibilities of COO as a new member of the Management Board of PALFINGER AG.

CORPORATE CHANGES

Palfinger Marine Korea Ltd. was dissolved in March 2023, and Noreq BV in April 2023.

In May 2023, Palfinger GBS Bulgaria EOOD was newly founded as a 100 percent subsidiary of Palfinger EMEA GmbH.

BUSINESS RELATIONSHIPS WITH CLOSELY RELATED PERSONS AND COMPANIES

For information on business relationships with closely related persons and companies, please see the interim consolidated financial statements. For further information on the individual business relationships, please refer to the consolidated financial statements of PALFINGER AG as at December 31, 2022.

ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

ASSETS AND FINANCIAL POSITION

Equity fell in the first half of 2023 to EUR 674.7 million after EUR 684.6 million for the same period in the previous year. Following 34.6 percent in the first half of 2022, the equity ratio is now 33.1 percent.

Working capital increased in the first half of 2023 to EUR 523.6 million due to the higher inventory and was significantly above the previous year's level (1-6 2022: EUR 432.3 million). As a result, net financial debt increased to EUR 722.9 million in the first half of 2023 after EUR 604.1 million in the first half of 2022. Building on the sustainable financing in 2022, an ESG KPI-linked promissory note loan totaling EUR 154 million was successfully placed in the second quarter 2023. The development of net financial debt had a negative impact on the net debt/EBITDA ratio, which increased to 2.70 as a result.

EARNINGS SITUATION

PALFINGER achieved the best quarter in the Company's history in terms of revenue, EBIT and consolidated net result in the second quarter 2023. The increase in output and the effectiveness of implemented price increases contributed to the growth in sales. Group sales in the first half of 2023 increased to 1,214.9 Mio. EUR (1-6 2022: EUR 1,039.0 million).

Driven by the increased output and the inflation-related higher material and personnel costs, the cost of sales in the first half of 2023 reached EUR -901.5 million (1-6 2022: EUR EUR -790.9 million). In contrast to the previous year, the high cost of materials and energy was offset in the first half of the year by meanwhile effective price increases. Variable personnel costs increased by 13.2 percent to EUR -127.2 million in the first half of the year mainly due to staff expansion and statutory wage increases (1-6 2022: EUR -112.3 million).

Driven by the good sales development, EBIT increased overproportionately in the first half of 2023 to EUR 111.3 million (1-6 2022: EUR 80.2 million). EBITDA developed in line with EBIT and amounted to EUR 157.9 million in the first half of 2023 (1-6 2022: EUR 119.5 million).

The financial result for the first half of 2023 fell to EUR -14.8 million compared to EUR -5.1 million for the same period in the previous year, primarily due to increased interest expenses as a result of the significantly higher interest rate environment and increased financing requirements. Earnings before taxes rose in the first half of 2023 to EUR 96.5 million following EUR 75.1 million in the same period in 2022. The consolidated net result also rose from EUR 39.2 million in the first half of 2022 to EUR 63.3 million in the first half of 2023.

Despite the further increased working capital, the improved profitability led to a positive operating cash flow of EUR 29.6 million in the first half of 2023 after EUR -9.4 million in the first half of 2022. Free cash flow remained negative due to the high level of capital expenditure at EUR -47.0 million (1-6 2022: EUR -48.7 million).

DEVELOPMENT OF THE SEGMENTS

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 amount for the previous year was adjusted retrospectively.

SALES & SERVICE SEGMENT

Overall, revenue in the first two quarters of 2023 increased to EUR 1,096.3 million (1-6 2022: EUR 905.3 million). The EMEA and NAM regions recorded the highest growth. EBITDA (1-6 2023: EUR 105.5 million/ 1-6 2022: EUR 78.1 million), EBIT (1-6 2023: EUR 93.9 million/1-6 2022: EUR 65.6 million) and EBIT margin (1-6 2023: 8.6 percent/1-6 2022: 7.3 percent) also increased. This increase resulted from the price increases that have been in effect since the beginning of the year and the positive effects of dynamic pricing, despite adjusted transfer prices in the Operations segment.

OPERATIONS SEGMENT

The high order backlog in the first half of the year kept PALFINGER's plants well utilized. Material prices and internal supply chains eased compared to the previous year. The situation with external supply chains also improved, but isolated bottlenecks continued to lead to inefficiencies. External sales in the first half of 2023 fell to EUR 91.4 million compared to EUR 107.6 million for the same period last year due to the reduced turnover of Nimet Srl. EBITDA increased to EUR 66.8 million (1-6 2022: EUR 48.1 million), EBIT to EUR 45.9 million (1-6 2022: EUR 29.2 million) due to the adjustment of transfer prices and high capacity utilization.

OTHER NON-REPORTABLE SEGMENTS

In the first half of the year, the segment change relating to Tail and Passenger Lifts lead to a negative one-time effect. EBITDA was significantly below the figure for the same period in the previous year at EUR -14.4 million (1-6 2022: EUR -6.7 million), like EBIT at EUR -28.5 million (1-6 2022: EUR -14.5 million) due to higher costs in the holding company unit.

RISK REPORT FOR SECOND HALF-YEAR 2023

RISK MANAGEMENT SYSTEM

- **The uncertain economic development and its impact on sales and earnings affect the risk position**
- **Proactive risk and crisis management to steer the consequences of the Ukraine war**
- **Increasing digitalization increases the risk of cyber attacks**

The enterprise risk management process described in the 2022 Annual Report will be continued in the 2023 financial year. Building on and supplementing the 2022 Annual Report, the risks for the second half of 2023 are summarized in eight categories: Sales & service, purchasing & supply chain, production, IT & communication management, legal & compliance, human resources, finance & taxes as well as balance sheet risks.

There is currently increased uncertainty with regard to the further development of the economy. Key interest rate increases in several currency areas, the negative development of some economic sectors and the geopolitical situation may lead to a further deterioration of the economy. These risk factors may lead to lower order intake, which may impact sales and earnings as early as the 4th quarter of 2023. The consequences for 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. The volatile developments and the possible effects on PALFINGER's ongoing business operations are being monitored by the Sanctions and Development task force, which takes swift solution-oriented measures where necessary. It remains difficult to assess further developments in the Russian government's behavior toward foreign investors. After the initial enforced disposals by foreign investors 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 potential loss of control or a change in prevailing expert opinion on the full consolidation of Russian subsidiaries.

The risks described in the 2022 Annual Report continue to be of major importance. In the second half of the year, the risk situation will be influenced in particular by the following risks, which are described in detail.

Risk category	Risk description	Risk minimization measures
Sales & Service		
Sales market development Macroeconomic, political and economic developments influence the size, stability and growth of markets.	• The increase in key interest rates in several currency areas leads to a higher probability of a recession. • 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. • A concept of measures to be taken in the event of a drop in sales. • Strict management of fixed costs.
Bad Debt PALFINGER grants customers payment terms.	• A potential economic downturn increases the risk of bad debts.	• Continuation of increased and close monitoring of receivables. • Implementation of a uniform process and reporting for the preventive reduction of credit risks through the management of payment terms and defined credit limits. • Credit insurance in targeted areas.
Export and customs regulations PALFINGER operates as an international company and is therefore subject to various export regulations.	• Economic sanctions as well as import and export restrictions can reduce existing market potential. • Changes in customs regulations may lead to additional fees and higher costs, and thus to lower demand in export markets.	• Enhancement of processes and internal controls to avoid sanctioned business activities. • Additional monitoring and controlling through the Sanctions Development task force. • Strategic alignment: Handling the markets as a global player with local production.
Procurement & Supply Chain		
Import and customs regulations PALFINGER operates as an international company and is therefore subject to various import regulations.	• The current situation surrounding the war in Ukraine leads to changes in import and customs regulations, resulting in delays in cross-border shipments and higher costs.	• Optimization of the supply chain and further development of the ‘in the region, for the region’ value creation principle. • Additional monitoring and controlling through the Sanctions Development task force.

Risk category	Risk description	Risk minimization measures
IT & Communication Management		
Cybercrime Companies that operate internationally 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. • Central of excellence for data security • Implementation of awareness initiatives such as training and regular information through 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: • Corruption prevention • Sanctions and Export control • Antitrust law • Data protection • Issuer compliance • Human rights • Environmental standards	• Violations of laws and international standards 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 on Ukraine. PALFINGER consistently complies with all sanction regulations that have been and are being issued against Russia and other countries.	• Establishment of an annual comprehensive report on anti-corruption measures to the Executive Board and Supervisory Board. • Local data protection officers; 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 constant development of a comprehensive export control and sanctions process. • Handing over operating business to Russian management while maintaining financial reporting.
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.	• Ongoing monitoring of business activities, sanctions and counter-sanctions, among others, by the Sanctions Development task force.
Production		
Product quality and liability PALFINGER focuses on high product quality and its quality management system is in accordance with ISO 9001.	• Despite the improved situation with regard to raw material and component availability, there is still a production-related risk of defects. This can subsequently lead to additional costs for rework.	• Optimization of the newly introduced quality management structure and constant review of responsibilities. • Strengthening of central quality management and further establishment of group-wide standards.
Machine failures The main stages of PALFINGER's value chain are manufacturing and assembly.	• Machines and production tools can be interrupted for a short time and therefore lead to local interruptions in production processes and additional costs. • Long-term machine failures, especially at strategically important locations, can lead to significant delays in the entire production chain and thus to increased costs.	• Implementation of measures such as ongoing renewal of machinery and optimization of production systems.

Risk category	Risk description	Risk minimization measures
Natural disasters caused by climate change Among other things, climate change has led to an increase in natural disasters. As a global player, PALFINGER is inevitably affected by this.	• Natural disasters such as earthquakes, floods, etc. can cause great damage to strategically important sites.	• Health, safety and environment (HSE) checks when constructing, extending or purchasing new sites. • Site analysis with regard to climate risks in the course of the annual risk management process.
Human Resources		
Personnel costs PALFINGER employs people worldwide. Personnel costs represent a significant proportion of total costs.	• Collective bargaining or the local need to increase wages and salaries can cause personnel costs to rise more than planned.	• Ongoing monitoring of personnel costs and the working environment.
Occupational health and safety PALFINGER sees its employees as an essential basis for success in the long term and assumes social responsibility for the health of its employees.	• Occupational accidents can damage PALFINGER’s reputation and lead to financial costs.	• Roll out of group-wide standards for occupational safety. • Continuous further development of PALfit, the company health management system. • Strict monitoring by managers and the personnel department of compliance with worker protection regulations, such as maximum working hours and rest periods.

Risk category	Risk description	Risk minimization measures
Finance & Taxes		
Foreign currency risks PALFINGER's international activities give rise to receivables and liabilities in foreign currencies.	• Exchange rate fluctuations can result in 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 led by the Chief Financial Officer to adjust the hedging strategy as needed.
Accounting Risks		
Deconsolidation of the Russian business PALFINGER is exposed to the risk of deconsolidation of the Russian business due to accounting rules.	• Due to a potential loss of control or a change in prevailing expert opinion on the full consolidation of Russian subsidiaries, there is a risk of deconsolidation.	
Impairments The valuation of assets and purchase price allocations in the context of company acquisitions are made based on economic 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 key interest rate hikes in several currency areas are leading to a deteriorating market situation as well as increasing risk.	• Monitoring and identifying indications of impairment.

OUTLOOK

The further course of 2023 will be characterized by uncertainty due to the geopolitical and macroeconomic situation. Even 18 months after the start of the war in Ukraine, it is difficult to predict what further effects it will have. The construction industry in Europe is expected to perform more weakly under the pressure of rising interest rates and higher costs. This is associated with a decline in investments, which will have a direct impact on PALFINGER in the form of a reduced order intake. The aim is to reduce inventories and increase productivity across all locations.

In order to counteract these effects, PALFINGER is intensifying its activities in North America. Based on the strong interest and high demand for truck-mounted forklifts and loader cranes, and in view of the multi-billion investment packages in U.S. infrastructure that are being launched by the U.S. government, PALFINGER will continue to expand its presence in the North American market. As a result, sales, earnings and market share are expected to increase significantly.

Based on the current order backlog, PALFINGER is targeting revenue of EUR 2.4 billion and EBIT of EUR 200 million for the full year 2023. PALFINGER continues to adhere to its long-term sales target. In 2027, the sales mark of EUR 3.0 billion should be achieved with an EBIT margin of 10 percent and a ROCE of 12 percent.

Bergheim, July 27, 2023
Executive Board of Palfinger AG

Ing. Andreas Klauser	Dr. Felix Strohbichler	Dr. Alexander Susanek
Chief Exekutive Officer	Chief Financial Officer	Chief Development and Production Officer

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT AS AT JUNE 30, 2023

CONSOLIDATED STATEMENT OF INCOME (CONDENSED)

EUR thousand	Note	Apr–June 2022	Apr–June 2023	Jan–June 2022	Jan–June 2023
Revenue	1	553,400	623,336	1,038,997	1,214,920
Cost of sales		(420,264)	(459,829)	(790,932)	(901,528)
Gross profit		**133,136**	**163,507**	**248,066**	**313,392**
Other operating income	2	9,525	8,867	15,918	14,922
Research and development costs		(16,988)	(18,352)	(31,216)	(34,493)
Distribution costs		(40,248)	(43,348)	(78,233)	(83,811)
Administrative expenses		(35,814)	(44,825)	(72,152)	(88,273)
Other operating expenses	2	(4,011)	(8,135)	(9,259)	(17,389)
Share of profit/loss of companies reported at equity	4	4,235	4,616	7,121	6,914
Earnings before interests and taxes – EBIT		**49,835**	**62,330**	**80,244**	**111,263**
Net financial result		(4,090)	(9,056)	(5,124)	(14,789)
Earnings before income tax		**45,744**	**53,275**	**75,120**	**96,474**
Income tax expense		(12,388)	(10,924)	(20,413)	(23,372)
Result after income tax		**33,357**	**42,351**	**54,707**	**73,101**
thereof shareholders of PALFINGER AG (consolidated net result)		**25,576**	**37,701**	**39,186**	**63,280**
thereof non-controlling interests		**7,781**	**4,651**	**15,521**	**9,821**
EUR					
Earnings per share (undiluted and diluted)	6	0.68	1.08	1.13	1.82

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

EUR thousand	Apr–June 2022	Apr–June 2023	Jan–June 2022	Jan–June 2023
Result after income tax	**33,357**	**42,351**	**54,707**	**73,101**
Other comprehensive income that will not be reclassified to profit/loss net of tax				
Remeasurement acc. to IAS 19 (after tax)	-	-	6,972	-
Other comprehensive income that may be be reclassified to profit/loss net of tax				
Unrealized gains (+)/losses (–) from foreign currency translation (after tax)	71,484	(17,523)	72,284	(33,110)
Unrealized gains (+)/losses (–) from cash flow hedge (after tax)	828	1,000	(74)	(144)
Other comprehensive income after income tax	**72,312**	**(16,523)**	**79,182**	**(33,254)**
Comprehensive income	**105,669**	**25,828**	**133,889**	**39,848**
thereof shareholders of PALFINGER AG	**90,454**	**23,365**	**111,886**	**33,937**
thereof non-controlling interests	**15,215**	**2,463**	**22,003**	**5,911**

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	30 June 2022	31 Dec 2022	30 June 2023
Non-current assets				
Intangible assets		265,939	257,751	248,676
Property, plant and equipment	3	509,486	524,406	551,161
Investments accounted for using equity method	4	59,786	57,767	55,871
Other non-current assets		6,899	5,165	4,617
Deferred tax assets		23,849	22,423	20,631
Non-current financial assets	8	7,128	11,430	9,579
		873,087	**878,942**	**890,536**
Current assets				
Inventories	5	622,032	580,025	647,832
Trade receivables	5	285,851	311,157	341,085
Contract assets	5	29,544	36,204	12,146
Other current receivables and assets		91,227	77,068	90,355
Income tax assets		2,239	10,430	1,623
Current financial assets	8	5,387	3,242	4,046
Cash and cash equivalents		70,066	61,120	51,297
		1,106,347	**1,079,246**	**1,148,385**
Non-current assets classified as held for sale		172	-	-
		1,106,519	**1,079,246**	**1,148,385**
Total assets		**1,979,606**	**1,958,188**	**2,038,920**
Equity				
Share capital		34,767	34,767	34,767
Additional paid-in capital		86,844	86,844	86,844
Treasury stock		(96,667)	(96,667)	(96,667)
Retained earnings		609,386	645,645	682,008
Reserve of exchange differences on translation		(5,662)	(56,951)	(86,151)
Total equity of the shareholders of PALFINGER AG		**628,669**	**613,638**	**620,802**
Non-controlling interests		55,906	61,235	53,853
		684,575	**674,873**	**674,655**
Non-current liabilities				
Liabilities from puttable non-controlling interests		300	-	-
Non-current financial liabilities	8	475,809	563,824	604,480
Non-current purchase price liabilities from acquisitions	7,8	14,212	1,126	893
Non-current provisions		42,786	43,353	46,330
Deferred tax liabilities		7,985	7,607	5,952
Non-current contract liabilities		3,140	4,281	3,532
Other non-current liabilities		251	395	494
		544,483	**620,586**	**661,682**
Current liabilities				
Current financial liabilities	8	210,816	121,417	183,200
Current purchase price liabilities from acquisitions	7,8	978	13,112	180
Current provisions		57,795	34,598	39,127
Income tax liabilities		14,070	12,816	19,936
Trade payables and other current liabilities		416,767	430,061	408,142
Current contract liabilities		50,122	50,725	51,998
		750,548	**662,729**	**702,583**
Total equity and liabilities		**1,979,606**	**1,958,188**	**2,038,920**

DEVELOPMENT OF CONSOLIDATED CAPITAL (CONDENSED)

EUR thousand	Equity attributable to the shareholders of PALFINGER AG						
	Share capital	Additional paid-in capital	Treasury Stock	Retained earnings	Reserve ot exchange differences on translation	Non-controlling interests	Equity
As at 1 Jan 2022	**34,767**	**86,844**	**(96,667)**	**604,801**	**(71,513)**	**55,625**	**613,857**
Total comprehensive income							
Result after income tax	-	-	-	39,186	-	15,521	**54,707**
Other comprehensive income after income tax							
Remeasurement acc. to IAS 19	-	-	-	6,923	-	49	6,972
Unrealized gains (+)/losses (–) from foreign currency translation	-	-	-	-	65,851	6,433	72,284
Unrealized gains (+)/losses (–) from cash flow hedge	-	-	-	(74)	-	-	(74)
	-	**-**	**-**	**46,035**	**65,851**	**22,003**	**133,889**
Transactions with shareholders							
Dividends	-	-	-	(26,120)	-	(14,990)	(41,110)
Addition non-controlling interests	-	-	-	(425)	-	425	-
Disposal non-controlling interests	-	-	-	(14,891)	-	(7,157)	(22,048)
Other changes	-	-	-	(13)	-	-	(13)
	-	**-**	**-**	**(41,449)**	**-**	**(21,722)**	**(63,171)**
As at 30 June 2022	**34,767**	**86,844**	**(96,667)**	**609,387**	**(5,662)**	**55,906**	**684,575**
As at 1 Jan 2023	**34,767**	**86,844**	**(96,667)**	**645,645**	**(56,951)**	**61,235**	**674,873**
Total comprehensive income							
Result after income tax	-	-	-	63,280	-	9,821	73,101
Other comprehensive income after income tax							
Remeasurement acc. to IAS 19	-	-	-	-	-	-	-
Unrealized gains (+)/losses (–) from foreign currency translation	-	-	-	-	(29,200)	(3,910)	(33,110)
Unrealized gains (+)/losses (–) from cash flow hedge	-	-	-	(144)	-	-	(144)
	-	**-**	**-**	**63,136**	**(29,200)**	**5,911**	**39,848**
Transactions with shareholders							
Dividends	-	-	-	(26,770)	-	(13,248)	(40,018)
Addition non-controlling interests	-	-	-	-	-	-	-
Disposal non-controlling interests	-	-	-	-	-	(44)	(44)
Other changes	-	-	-	(2)	-	(1)	(3)
	-	**-**	**-**	**(26,773)**	**-**	**(13,293)**	**(40,066)**
As at 30 June 2023	**34,767**	**86,844**	**(96,667)**	**682,008**	**(86,151)**	**53,853**	**674,655**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

EUR thousand	Jan–June 2022	Jan–June 2023
Cash flow from operating activities		
Result before tax	75,120	96,474
Write-downs (+)/write-ups (–) of non-current assets	39,219	46,593
Gains (–)/losses (+) on the disposal of non-current assets	(444)	(30)
Non-cash change in purchase price liability	-	(510)
Interest income (–)/interest expenses (+)	4,213	13,776
Undistributed profits from companies reported at equity	(7,121)	(6,913)
Other non-cash income (–)/expenses (+)	2,666	9,345
Increase (–)/decrease (+) of assets	(168,855)	(113,808)
Increase (+)/decrease (–) of provisions	6,072	7,380
Increase (+)/decrease (–) of liabilities	50,383	(10,217)
Cash flow in operations	**1,254**	**42,091**
Interest received	780	1,267
Interest paid	(5,284)	(11,450)
Cash payments for the acquisiton of subsidiaries in prior years	-	(1,238)
Dividends received from companies reported at equity	17,041	4,798
Income taxes paid	(23,176)	(5,883)
	(9,385)	**29,584**
Cash flows from investing activities		
Cash receipts from the sale of intangible assets and property, plant and equipment	5,085	699
Cash payments for the acquisition of intangible assets and property, plant and equipment	(53,943)	(75,827)
Cash payments for the acquisiton of subsidiaries in prior years	(60)	(11,213)
Cash payments for business operations/subsidiaries	(4,664)	(2,277)
Cash payments for the acquisition of securities	-	(667)
Cash receipts from other assets	10,739	1,825
	(42,842)	**(87,460)**
Cash flow from financing activities		
Dividends to shareholders of PALFINGER AG	(28,947)	(26,770)
Dividends to non-controlling shareholders	(14,990)	(13,248)
Cash payments for the acquisition of non-controlling interests	(21,322)	-
Repayment of loans for the acquisition of shares	(8,783)	(38,783)
Raising of long term financing	195,000	154,000
Repayment of maturing/terminated loans	-	(30,000)
Repayment of maturing/terminated promissory note loans	(71,000)	-
Raising of short term financing	103,522	121,570
Repayment of current financing	(70,000)	(100,000)
Cash payments for/cash receipts from other financial liabilities	(5,982)	(12,519)
	77,499	**54,250**
Total cash flow	**25,271**	**(3,625)**
Free cash flow[1)]	**(48,703)**	**(46,964)**

	2022	2023
Cash and cash equivalents as at 1 Jan	39,834	61,120
Effects of exchange rate changes	4,961	(6,197)
Total cash flows	25,271	(3,625)
Cash and cash equivalents as at 30 June	**70,066**	**51,297**

SEGMENT REPORTING

The Sales & Service segment includes the sales and service units. The Operations segment consists of the production sites and the respective production share of a company.

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 amount for the previous year was adjusted retrospectively.

Jan-June 2022[1)]

EUR thousand	SALES & SERVICE	OPERATIONS	Other segments	Segment consolidation	PALFINGER Group
External revenue	905,310	107,558	26,129	-	1,038,997
Intra-group revenue	37	608,595	33,179	(641,811)	-
EBIT	65,612	29,162	(14,530)	-	80,244

1) As described above, the segments were adjusted retrospectively.

Jan–June 2023

EUR thousand	SALES & SERVICE	OPERATIONS	Other segments	Segment consolidation	PALFINGER Group
External revenue	1,096,349	91,363	27,208	-	1,214,920
Intra-group revenue	26	801,441	11,217	(812,685)	-
EBIT	93,859	45,916	(28,512)	-	111,263

NOTES ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT

GENERAL

PALFINGER AG is headquartered in Bergheim near Salzburg and is a listed company focusing on the production and sale of innovative crane and lifting solutions for use on commercial vehicles and in the maritime sector.

REPORTING PRINCIPLES

For this condensed interim consolidated financial statement of PALFINGER AG and its subsidiaries as of June 30, 2023, complied based on IAS 34, the same reporting and valuation methods have been applied as in the consolidated financial statement for the financial year 2022. The consolidated financial statement for the year ending December 31, 2022, was prepared in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU) as of the reporting date. For more information on the reporting and valuation methods applied in each case, please refer to the consolidated financial statement of PALFINGER AG as of December 31, 2022.

This interim consolidated financial statement of PALFINGER AG has been subjected to an external auditor’s review.

CHANGES IN REPORTING AND VALUATION METHODS

No changes were made to the accounting and valuation methods in the first half of 2023.

CHANGES TO THE SCOPE OF CONSOLIDATION

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. The acquisition costs of EUR 2,280 thousand were allocated to the identifiable assets at the acquisition date.

START-UPS

In the first half of 2023, the following new companies were established within the PALFINGER Group:

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

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.

NOTES ON THE CONSOLIDATED INCOME STATEMENT

(1) REVENUE

Jan–June 2022[1)]

EUR thousand	SALES & SERVICE	OPERATIONS	Other Segments	PALFINGER Group
EMEA	518,176	82,313	25,675	626,164
NAM	219,906	6,990	347	227,243
LATAM	57,472	7,599	49	65,120
CIS	60,150	7,527	63	67,740
APAC	47,641	2,901	-	50,542
Revenue from customer contracts (IFRS 15)	**903,345**	**107,330**	**26,134**	**1,036,808**
Other revenue	2,189	-	-	2,189
Total revenue	**905,534**	**107,330**	**26,134**	**1,038,997**

1) As described in the segment reporting, the segments have been adjusted retrospectively.

Jan–June 2023

EUR thousand	SALES & SERVICE	OPERATIONS	Other Segments	PALFINGER Group
EMEA	648,905	69,110	27,052	745,067
NAM	282,232	7,748	-	289,979
LATAM	57,702	3,959	110	61,771
CIS	50,626	7,027	15	57,669
APAC	54,588	3,520	31	58,138
Revenue from customer contracts (IFRS 15)	**1,094,053**	**91,363**	**27,208**	**1,212,624**
Other revenue	2,295	-	-	2,295
Total revenue	**1,096,349**	**91,363**	**27,208**	**1,214,920**

The breakdown by geographical area is based on the location of customers' registered offices. Other revenue primarily consists of income from renting and leasing.

(2) CURRENCY DIFFERENCES

The other operating income and expenditure primarily consists of currency differences.

EUR thousand	Jan–June 2022	Jan–June 2023
Exchange rate differences income	9,834	7,686
Exchange rate differences expenses	(4,286)	(10,065)
Exchange rate differences in at equity result	(371)	(5,451)
Earnings before interest and taxes – EBIT	**5,177**	**(7,830)**
Exchange rate differences of the net financial result	(962)	(1,021)
Result from exchange rate differences	**4,215**	**(8,851)**

NOTE ON THE CONSOLIDATED BALANCE SHEET

(3) PROPERTY, PLANT AND EQUIPMENT

Compared to December 31, 2022, property, plant and equipment increased by an amount of EUR 19,830 thousand (1-6 2022: EUR 2,657 thousand) in technical equipment, machinery and tools by EUR 7,603 thousand (1-6 2022: EUR 5,627 thousand) and in operating and office equipment by EUR 4,941 thousand (1-6 2022: EUR 8,197 thousand). Advance payments and assets under construction increased by EUR 28,308 thousand (1-6 2022: EUR 27,205 thousand) due to additions. Leased assets increased by additions of EUR 7,551 thousand (1-6 2022: EUR 7,592 thousand).

In the course of separating the Tail Lifts product line from the GPO, an impairment test was performed for the newly created cash-generating Tail Lifts unit. The recoverable amount is based on a calculation of the value in use, using cash flow projections for a period of 5 years. Cash flows are then extrapolated using a growth rate. 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 externally available capital market data. The pre-tax discount rate is 9.44 percent. There are estimation uncertainties in the assumptions underlying the calculation of the value in use. Gross margins are determined using the values that are incorporated into rolling planning based on the current year's experience. The impairment test for the cash-generating Tail Lifts unit resulted in a negative value in use and a resulting impairment loss of EUR 3,033 thousand, mainly relating to technical equipment and machinery of EUR 1,335 thousand and other equipment, factory and office equipment of EUR 1,050 thousand.

(4) INVESTMENTS IN COMPANIES REPORTED AT EQUITY

The development of investments in companies reported at equity is shown below:

EUR thousand	2022	2023
As at 1 Jan	64,596	57,768
Share in the net result for the period	11,465	6,913
Dividends	(18,113)	(4,798)
Foreign currency translation	(180)	(4,013)
As at 31 Dec/30 June	**57,768**	**55,871**

(5) INVENTORIES AND TRADE RECEIVABLES

Inventories increased by EUR 67,807 thousand compared to December 31, 2022, mainly due to an inventory build-up of finished devices in the NAM and EMEA regions. The increase in trade accounts receivable of EUR 29,928 thousand in all regions can be attributed to strong sales, especially in June.

In connection with the existing factoring contract, as of the June 30, 2023 balance sheet date receivables to the amount of EUR 81,988 thousand (December 31, 2022: EUR 79,400 thousand) were sold. The receivables were not derecognized in full, as all opportunities and risks associated with the receivables sold were neither transferred nor retained.

Receivables from construction contracts and service transactions are shown in the balance sheet under the item "Contract assets from customer contracts".

(6) EQUITY

At the Annual General Meeting on March 30, 2023, dividend payments from 2022 earnings of EUR 26,770 thousand were approved. This corresponds to a dividend of EUR 0.77 per share (previous year EUR 0.77 per share).

Based on the result after income tax of EUR 63,280 thousand (1–6 2022: EUR 39,186 thousand), undiluted earnings per share amount to EUR 1.82 (1–6 2022: EUR 1.13). The diluted earnings per share are the same as the undiluted earnings per share.

(7) PURCHASE PRICE LIABILITIES FROM ACQUISITIONS

EUR thousand	**2022**	**2023**
As at 1 Jan	13,164	14,238
Addition	1,685	-
Allocation	108	-
Interest cost	837	235
Use	(560)	(12,451)
Reversal	(996)	(511)
Disposal	-	(438)
As at 31 Dec/30 June	**14,238**	**1,073**

The purchase price liabilities from acquisitions include purchase price components from the acquisition of subsidiaries. There is contingent consideration from the acquisition of the minority interests in Palfinger comércio e aluguer de máquinas, SA, which depend on the future earnings before interest and taxes of the unit and are due in 2025.

(8) FINANCIAL INSTRUMENTS

The book amounts of financial instruments not measured at fair value do not differ significantly from their fair value and therefore represent a realistic approximate value. At June 30, 2023, the Group held the following classes of financial instruments measured at fair value:

	Fair value		Level 1 fair value		Level 2 fair value		Level 3 fair value	
EUR thousand	31 Dec 2022	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022	30 June 2023
Assets								
Non-current financial assets	7,541	7,817	1,274	1,941	6,267	5,876	-	-
Trade receivables	117,235	206,722	-	-	-	-	117,235	206,722
Current financial assets	1,591	3,874	-	-	1,591	3,874	-	-
Liabilities								
Non-current financial liabilities	-	-	-	-	-	-	-	-
Non-current purchase price liabilities from acquisitions	13,236	869	-	-	-	-	13,236	869
Current financial liabilities	1,890	609	-	-	1,890	609	-	-
Current purchase price liabilities from acquisitions	-	-	-	-	-	-	-	-

To refinance maturing loans and fincance the increased working capital requirements, three bilateral “sustainable loans” totaling EUR 280 million were concluded with three core banks in 2022. The loans with a residual term of 5 years on average have 2 sustainability KPI’s (KPI 1: Reduction of CO2 greenhouse gas emissions, KPI 2: Reduction of the annual accident rate measured as Total Recordable Injury Rate). Target values have been definied for both KPIs, with under or overachievement resulting in a condition adjustment of +/- 0,025 percent when the target is measured annually. In April, PALFINGER placed “sustainable” promissory note loan tranches totaling EUR 154 million with international investors. The tranches have maturities of 3, 5 and 7 years and are subject to the same sustainability KPIs as the bilateral loans raised in 2022.

The reconciliation of the book amounts evaluated in accordance with Level 3 is shown below:

EUR thousand	2022	2023
As at 1 Jan	12,840	13,236
Interest cost	837	235
Redemption	(500)	-12,091
Increase through profit and loss	108	-
Decrease through profit and loss	(996)	-511
Addition	947	-
As at 31 Dec/30 June	**13,236**	**869**

In the income statement, the accrued interest was recorded under interest expenses and the increase under other operating expenditure. Level 2 fair values are determined using observable market data. The fair value of financial instruments is determined internally using discounted cash flow calculations based on observable currency and interest rate data. Level 3 fair values are determined internally using recognized calculation models based on the equivalent market interest rates and implied volatilities. The calculation is made using a discounted cash flow calculation based on strategic planning.

CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets as of June 30, 2023. There is an obligation to cover the losses of JETFLY Airline GmbH to the extend of the 33.33 percent shareholding. The proportionate obligation amounts to EUR 81,3 thousand as of the reporting date.

RELATIONS WITH RELATED COMPANIES AND PERSONS

For further information on the individual business relationships, please refer to the consolidated financial statements of PALFINGER AG as at 31 December, 2022.

SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

Effective July 01, 2023, Immobiliare San Celestino S.R.L. (Italy) was merged into Palfinger Lifting Solutions Italy S.r.l. (Italy). No further significant reportable events occurred after the end of the interim reporting period.

Bergheim, July 27, 2023
Executive Board of Palfinger AG

Ing. Andreas Klauser	Dr. Felix Strohbichler	Dr. Alexander Susanek
Chief Exekutive Officer	Chief Financial Officer	Chief Development and Production Officer

STATEMENT OF ALL LEGAL REPRESENTATIVES IN ACCORDANCE WITH SECTION 125 PARA. 1 OF THE AUSTRIAN STOCK EXCHANGE ACT

We confirm to the best of our knowledge that the condensed interim consolidated financial statement gives a true and fair view of the assets, financial position and earnings of the group as required by the applicable accounting standards and that the interim group management report gives a true and fair view of the assets, financial position and earnings of the group in relation to the important events that have occurred during the first six months of the financial year. We declare that their impact on the condensed interim consolidated financial statement and the principal risks and uncertainties for the remaining six months of the financial year and of significant transactions concerning related parties have been disclosed.

Bergheim, July 27, 2023
Executive Board of Palfinger AG

Ing. Andreas Klauser m.p.	Dr. Felix Strohbichler m.p.	Dr. Alexander Susanek m.p.
Chief Exekutive Officer	Chief Financial Officer	Chief Development and Production Officer

REPORT ON THE AUDITOR 'S REVIEW

We draw attention to the fact that the English translation of this auditor's report according to Section 274 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

INTRODUCTION

We have reviewed the accompanying condensed consolidated interim financial statements of PALFINGER AG, Bergheim bei Salzburg, as at June 30, 2023. The condensed consolidated interim financial statements comprise the consolidated statement of income (condensed), the statement of comprehensive income (condensed), the consolidated balance sheet as at June 30, 2023, the consolidated statement of changes in equity (condensed) for the period from January 1 to June 30, 2023 and the consolidated statement of cash flows (condensed), as well as the notes to the condensed consolidated interim financial statements that summarize the significant accounting and valuation methods and include other disclosures.

The Company's management is responsible for the preparation of these condensed consolidated interim financial statements in accordance with IFRSs as adopted by the EU on "Interim Financial Reporting".

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the legal provisions applicable in Austria and the relevant expert opinions and standards, in particular Expert Opinion KFS/PG 11 "Guidelines for the review of financial statements". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope and involves less evidence than an audit, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at June 30, 2023 were not prepared, in all material respects, in accordance with IFRSs as adopted by the EU on "Interim Financial Reporting".

Statement on the half-year consolidated management report and on the statement by management pursuant to section 125 Austrian Stock Exchange Act 2018 (BörseG 2018)

We have read the half-year consolidated management report and evaluated as to whether it does not contain any apparent inconsistencies with the condensed consolidated interim financial statements.

Based on our evaluation, the half-year consolidated management report does not contain any apparent inconsistencies with the condensed interim consolidated financial statements.

The interim financial information contains the statement by management as set forth under section 125 para. 1 subsec. 3 BörseG 2018.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the half-year report 2023, but does not include the condensed consolidated interim financial statements, the half-year consolidated management report and the review report.

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

In connection with our review, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the condensed consolidated interim financial statements or our knowledge obtained in the review, 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 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.

Vienna, July 27, 2023

PwC Wirtschaftsprüfung GmbH

Peter Pessenlehner
Austrian Certified Public Accountant

FINANCIAL CALENDAR

October 30, 2023	Publication 1st–3rd quarter 2023
March 06, 2024	Publication of annual report 2023
March 07, 2024	Financial Statment Press Conference 2023
April 10, 2024	Annual General Meeting
April 15, 2024	Ex-dividend date
April 16, 2024	Dividend record date
April 18, 2024	Dividend payment date
April 26, 2024	Publication of results Q1/2024
July 26, 2024	Publication of results HY/2024
October 28, 2024	Publication 1st–3rd quarter 2024

Additional dates such as trade fairs or roadshows will be announced in the financial calendar on the website.

INVESTOR RELATIONS

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The rounding of individual items and percentages in this report can lead to minor differences in calculated amounts.

This report contains forward-looking statements based on all currently available information. Forward-looking statements are usually identifiable by the use of terms such as “expect”, “plan”, “estimate” etc. Actual developments may differ from the expectations presented here.

Published July 28, 2023

Consulting & Concept: Grayling Austria GmbH & UKcom Finance

Translation and Linguistic Consulting: Hyde & Hyde