



Report of the Executive Board of

PALFINGER AG Bergheim, FN 33393 h,

on the

authorization of the Executive Board, with the consent of the Supervisory Board, to acquire treasury shares on and off the stock exchange and to sell acquired treasury shares by means other than on the stock exchange or by public offering (agenda item 8 Authorization of the Executive Board to acquire treasury shares)

The Executive Board of PALFINGER AG, with its registered office in Bergheim, submits the following report to the Annual General Meeting of PALFINGER AG on April 7, 2021 in accordance with Sec. 65 para. 1b of the Stock Corporation Act in conjunction with Sec. 170 para. 2 of the Stock Corporation Act and Sec. 153 para. 4 sentence 2 of the Stock Corporation Act.

1. PALFINGER AG (hereinafter also referred to as “the company”), with its registered office in Bergheim and its business address at Lamprechtshausener Bundesstraße 8, 5101 Bergheim near Salzburg, registered in the commercial register under FN 33393 h, currently has a share capital of EUR 37,593,258 which is divided into 37,593,258 no-par value shares.
2. The company’s Executive Board intends to propose the following resolution at the company’s Annual General Meeting to be held on April 7, 2021 in respect of Agenda Item 8:
 - a) In accordance with Sec. 65 para. 1 sentence 8 as well as para. 1a and 1b of the Austrian Stock Corporation Act, the Executive Board is authorized to acquire no-par value shares of the company representing up to 10 % of the share capital of the company for a period of 30 months starting September 20, 2021, i.e. until March 19, 2024, both on and off the stock exchange, including from individual shareholders or a single shareholder, for a minimum consideration of EUR 10 (ten euros) per share and a maximum consideration of EUR 100(one hundred euros) per share. 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 one or more purposes by the company, by a subsidiary (Sec. 189a line 7 of the Business Code) or by third parties for the account of the company.

- b) The Executive Board of PALFINGER AG may 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 (reverse exclusion of subscription rights).
 - c) The Executive Board is authorized for a period of five years from the date of the resolution 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 one or more purposes by the company, by a subsidiary (Sec. 189a line 7 of the Business Code) or by third parties for the account of the company.
 - d) The Executive Board is also authorized, with the consent of the Supervisory Board, to reduce the share capital, if necessary, by retiring these treasury shares without a further resolution by the Annual General Meeting in accordance with Sec. 65 para. 1 line 8 last sentence in conjunction with Sec. 122 of the Stock Corporation Act. The Supervisory Board is authorized to adopt amendments to the Articles of Association resulting from the retirement of shares.
3. With regard to the possibility of the off-market acquisition of treasury shares in accordance with Sec. 65 para. 1 line 8 of the Stock Corporation Act and the sale of treasury shares acquired in accordance with Sec. 65 para. 1 line 8 of the Stock Corporation Act in a manner other than via the stock exchange or by means of a public offer pursuant to Sec. 65 para. 1b of the Stock Corporation Act in conjunction with Sec. 170 para. 2 of the Stock Corporation Act and Sec. 153 para. 4 sentence 2 of the Stock Corporation Act, the Executive Board shall submit a written resolution on the reason for the associated exclusion of subscription rights or the exclusion of

the right to sell on a pro rata basis (reverse exclusion of subscription rights) associated with the possible off-market acquisition.

4. The company's Executive Board may only acquire treasury shares off-market with the prior consent of the Supervisory Board, and may only sell treasury shares acquired by the company by means other than the stock exchange or a public offering with the consent of the Supervisory Board. The Executive Board of PALFINGER AG may decide to acquire shares on the stock exchange, but the Supervisory Board must be informed of this decision after it has been taken.
5. Treasury shares can be acquired on as well as off the stock exchange, even by individual shareholders or a single shareholder, for any legally permissible purpose, and if an objective differentiation in the treatment of shareholders is possible and/or necessary and therefore an objective justification for the exclusion of the right to sell on a quota basis is given. An objective differentiation/justification also exists and in particular in the following cases:
 - a) As announced by the company in an ad-hoc announcement to the public and shareholders on December 4, 2020, the company and Sany Heavy Industries are negotiating to reverse their cross-holding with the aim of reducing complexity. The potential transaction involves the sale of the 7.5% share in Sany Automobile Hoisting Machinery indirectly held by PALFINGER AG to a company within the Sany Group in return for the opportunity of transferring the approximately 7.5% share held by Sany Europe GmbH to PALFINGER AG. The total capital inflows resulting from the cross-holding are to be the same for both sides after its reversal. This transaction structure, which provides for the possibility of PALFINGER AG acquiring treasury shares, allows PALFINGER AG to reverse the cross-holding and to segregate the shareholding in Sany Automobile Hoisting Machinery without any material effect on the valuation of the shareholding at PALFINGER AG and, in the opinion of the Executive Board, is in the absolute interest of the company and its shareholders. For the purpose of reversing the cross-holding, the company shall therefore be able to acquire treasury shares from Sany Europe GmbH off-market in the transaction structure described.
 - b) In the event that one or more shareholders of the company attempted to sell a major shareholding, there would be a risk of a (possibly significant)

deterioration in the stock market price of the company's shares. This would not only harm the company's shareholders but would also impair the company's ability to obtain capital market financing. This scenario can be prevented if the company acquires the shares of the shareholder or shareholders willing to sell off-market, by way of a block trade, for example.

- c) The company intends to grow further domestically and abroad. This growth may also involve the acquisition of other companies or businesses. The Executive Board is to be given greater flexibility for future company acquisitions so that it is able to act more quickly. For this purpose, it may be necessary to quickly dispose of the necessary acquisition currency in the form of treasury shares to the extent necessary. Furthermore, it may also be advantageous for the company in the course of the acquisition of other assets to offer treasury shares in part or in whole as consideration, for example, if the seller in question prefers to receive shares in the company in whole or in part instead of cash. For these purposes, it should be possible for the company to acquire treasury shares in a package off-market from individual shareholders or a single shareholder.
 - d) The company is to be authorized to issue company shares to employees, managers and members of the Executive Board/management team of the company and its affiliated companies, either for a fee or free of charge, within the framework of an employee participation program yet to be initiated, in order to strengthen the loyalty of managers and other employees to the company and to increase their motivation and identification with the company's goals. In order to ensure that the shares required for this purpose can be issued in a timely manner and to the required extent to employees, managers and members of the Executive Board/management team of the company and its affiliated companies, either for a fee or free of charge, the company shall be able to acquire treasury shares in a package off-market from individual shareholders or from a single shareholder.
6. The treasury shares acquired in accordance with Sec. 65 para. 1 line 8 and para. 1a and para. 1b of the Stock Corporation Act may be sold by the company in any manner permitted by law other than on the stock exchange or by means of a public offer and excluding the shareholders' subscription rights in pursuit of one or more purposes.

An off-market sale/use of treasury shares, also excluding shareholders' subscription rights, should always be possible for the Executive Board if an objective differentiation in the treatment of shareholders is possible and/or necessary and there is therefore an objective justification for the off-market sale/use and the associated exclusion of subscription rights. An objective differentiation/justification also exists and in particular in the following cases:

- a) In the event that the company attempted to sell a large quantity of treasury shares on the stock exchange or by means of a public offer, there would be a risk of a (possibly significant) deterioration in the stock market price of the company's shares. This would not only harm the company's shareholders, but would also impair the company's ability to obtain capital market financing. This scenario can be prevented if the company sells treasury shares off-market, excluding shareholders' subscription rights.
- b) The company intends to grow further domestically and abroad. This growth may also involve the acquisition of other companies or businesses. The acquisition of companies, businesses or parts of businesses can be legally structured both as the purchase of specific assets (and liabilities) of a company, business or part of a business (a so-called *asset deal*) and as the acquisition of shares in a company (a so-called *share deal*). Both types of company or (partial) business acquisition - *asset deal* and *share deal* - are referred to collectively as an acquisition in the following.

In the event of an acquisition, the consideration may consist not only of cash but also of shares in the acquiring company. This can be in the interest of the company as buyer as well as in the interest of the seller. In the case of an acquisition in which the seller contributes the business (or their shares in the business) as a contribution in kind to the company in return for the granting of new shares - in this case from the authorized capital - the share capital and therefore the equity of the company are increased. If the purchase price of an acquisition is paid for in cash, a high outflow of liquidity can occur for the company, but if the acquisition is paid for by contributions in kind, there is no outflow of liquidity for the acquiring company, but instead an increase in equity. There may also be cases where, for strategic reasons, it is necessary and

appropriate for the seller of the business to take a small shareholding in the company, or where the seller demands a shareholding in the company in return.

Due to the restrictions on the acquisition of treasury shares - specifically up to a total of 10% of the company's share capital (for almost all cases in accordance with Sec. 65 of the Stock Corporation Act) - a seller cannot acquire a material interest in the company as a result of this transaction. If the company acquired the treasury shares at an earlier date and their price has increased in the meantime, a saving arises for the company when using treasury shares as consideration for an acquisition. This is because, when measuring the consideration for the acquisition, the treasury shares to be granted as (part of) the consideration are generally recognized at the current (average) share price or, at most, at the higher intrinsic value, and not at the lower historical acquisition cost.

Carrying out the acquisition in such a way that the business acquired, or shares in the business acquired, are paid for by the company using contributions in kind to the exclusion of the subscription rights of the other shareholders, is generally recognized as an objective justification for the exclusion of subscription rights. Taking into consideration the planned growth of the company, it is in the company's interest to enable an acquisition by means of a contribution in kind with the exclusion of subscription rights and with simultaneous protection of the company's liquidity. Granting the consideration in treasury shares allows the company to act with the required speed and flexibility in such transactions.

The sale of treasury shares by means other than the stock exchange or a public offering and excluding shareholders' subscription rights is necessary in the case of an acquisition because, on the one hand, in the case of an acquisition against contributions in kind, this is the only way in which the company can ensure the acquisition without an outflow of liquidity and, on the other hand, because the seller is often only prepared to transfer the acquired business or the shares in the acquired business if they in turn receive a shareholding in the company of equivalent value. From the company's point of view, it may be necessary for strategic or organizational reasons to include the seller as a shareholder in the Group. In the case of an acquisition by contribution in kind,

the seller, as the contributor in kind, can only achieve the shareholding they want if they alone receive the new shares. This is because a seller wants to achieve a (percentage) shareholding in the company that corresponds to the ratio of the value of their business to the value of the company acquiring their business, and to be granted corresponding voting rights (and thus participation rights) in the company.

- c) The provisions in point b) apply in the same way not only to the acquisition of businesses, but also to the acquisition of certain other assets (in particular real estate). When acquiring such other assets, it may also be advantageous and/or necessary for the company to offer treasury shares as consideration, for example if the seller prefers to receive shares in the company in whole or in part as consideration instead of cash. It may also be necessary for the company for strategic or organizational reasons to include the seller as a shareholder in the company. Using treasury shares reduces the company's liquidity requirements for such investments/acquisitions and accelerates their execution because existing treasury shares can be used and new shares do not have to be made available first.
- d) By selling or using treasury shares, the company may, in individual cases, be able to cover special capital and/or financing requirements more cost-effectively than through external financing. Particularly in the case of financing an acquisition or a real estate purchase, or in the case of covering other financing requirements of the company (to cover the expiry of a loan, for example), it may be the case, due to the amount of the financing requirement and/or the time frame within which the financing requirement must be covered, taking into account the general and specific development of the market and the share price as well as the trading volumes available on the stock exchange, that the required financing requirement cannot be covered, or cannot be covered in a timely manner, through a sale of treasury shares on the stock exchange or through a public offering.

The proposed authorization of the Executive Board to resolve a different type of sale, also excluding shareholders' subscription rights, enables the Executive Board to quickly and flexibly take advantage of opportunities for the off-market sale of blocks of treasury shares at an appropriate price. This is

particularly important for the company because it must be able to take advantage of market opportunities quickly and flexibly and to cover the necessary capital and/or financing requirements quickly and on favorable terms.

- e) The company is to be given the option of issuing treasury shares to employees, executives and members of the Executive Board/management team of the company and its affiliated companies, either for a fee or free of charge, as part of a still to be initiated employee participation program. This requires an off-market sale/use of treasury shares excluding shareholders' subscription rights.
 - f) The company's goal is to increase liquidity in trading in the company's shares, for which purpose the free float of the company's shares is to be expanded and the shareholder structure broadened. The company shall therefore be given the opportunity to sell treasury shares in a targeted manner to selected investors off-market and excluding shareholders' subscription rights for the purpose of expanding the free float and broadening the shareholder structure.
7. The exclusion of subscription rights and the sale of treasury shares by means other than on the stock exchange or by public offering is also in the interest of the company and therefore ultimately also of the shareholders, for the reasons set out in Sec. 6 a) to f) in particular. The exclusion of subscription rights is suitable, necessary and proportionate to achieve these interests.

The purposes mentioned above in Item 6 a) and f) (avoidance of an adverse effect on the stock exchange price of the company's shares, increase of the free float, broadening of the shareholder structure, increase of liquidity in trading company shares) can only be achieved if the company has flexibility in trading treasury shares and, when using them, is not bound to a sale on the stock exchange or by means of a public offer and is also not obliged to offer treasury shares for acquisition to the shareholders (especially since this would ultimately only consolidate the existing shareholder structure).

The authorization of the Executive Board to sell treasury shares by means other than on the stock exchange or on the basis of a public offering, and to do so while excluding shareholders' subscription rights, is suitable and necessary to ensure the

best possible utilization of the treasury shares and/or to achieve optimal financial and transaction conditions and/or to procure the necessary funds within a narrow time frame, in particular for the purposes set forth in Sec. 7 b) through d).

The fact that the exclusion of subscription rights is justified in the case of a preferential issue of shares to employees, executive staff and members of the Executive Board is explained in Sec. 153 para. 5 of the Stock Corporation Act.

Even if exercising the present authorization to sell by the Executive Board and the exclusion of the shareholders' subscription rights could be detrimental to individual shareholders, such detriment would be kept within very strict limits, especially since the sale of treasury shares generally does not entail any risk of shareholder dilution and the shares to be acquired and sold are limited to 10% of the company's share capital.

A weighing up of the particular interests of the company (i) in a stable stock exchange price of its shares and/or (ii) in the acquisition of the relevant company or the shares in the relevant company or the relevant other asset and/or (iii) in the timely and cost-effective coverage of a capital and financing requirement and/or (iv) in the creation and maintenance of a balanced shareholder structure on the one hand and the interest of the existing shareholders in maintaining their quota-based participation in the company on the other hand, consequently leads to the conclusion that the authorization to sell treasury shares off-market with the exclusion of shareholders' subscription rights is proportionate.

8. In the event of the sale of treasury shares acquired in accordance with Sec. 65 para. 1 line 8 and para. 1a and para. 1b of the Stock Corporation Act by means other than the stock exchange or a public offering, the Executive Board shall publish a report no later than two weeks prior to the resolution of the Supervisory Board (which shall approve the sale by means other than the stock exchange or a public offering), in which, among other things, the selling price of the shares shall be justified (Sec. 65 para. 1b in conjunction with Sec. 171 para. 1 of the Stock Corporation Act).

As also stated above, it should be emphasized once again in this context that the sale of treasury shares and the acquisition by means other than the stock exchange or a public offering and the exclusion of subscription rights are only possible with the approval of the Supervisory Board. The company's Executive Board cannot decide alone in these cases.

9. In summary, PALFINGER AG's Executive Board concludes that the granting of an authorization to the company's Executive Board to acquire treasury shares off-market, even from individual shareholders or a single shareholder, or to sell treasury shares acquired in accordance with Sec. 65 para. 1 line 8 and Sec. 1a and 1b of the Austrian Stock Corporation Act (AktG), with the consent of the Supervisory Board, if necessary, by means other than the stock exchange or a public offering, and to exclude the shareholders' subscription rights, fully complies with the legal regulations.

Bergheim bei Salzburg, on February 25, 2021

The Executive Board

[signed]

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 Andreas Klauser
 Chair

[signed]

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 Martin Zehnder

[signed]

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 Felix Strohbichler