Interim Report for the First Half of 2022

PALFINGER

KEY FIGURES OF THE PALFINGER GROUP

EUR thousand	HY 2018	HY 2019	HY 2020	HY 2021	HY 2022
Income statement					
Revenue	801,867	893,372	729,846	884,124	1,038,997
EBITDA	102,691	120,137	84,866	133,505	119,511
EBITDA margin	12.8%	13.4%	11.6%	15.1%	11.5%
EBIT (operating result)	71,043	83,283	38,742	92,134	80,244
EBIT margin	8.9%	9.3%	5.3%	10.4%	7.7%
Earnings before tax	62,177	74,944	30,353	87,494	75,120
Consoldated net result	35,225	43,558	15,112	56,074	39,186
Balance sheet					
Net working capital (average)	311,895	362,908	338,612	363,221	432,289
Capital employed (average)	1,038,257	1,115,560	1,135,983	1,034,428	1,189,560
ROCE	1.8%	8.8%	6.8%	11.1%	9.0%
Equity	531,474	589,592	622,903	669,237	684,575
Equity ratio	34.6%	35.8%	38.8%	39.3%	34.6%
Net debt	519,978	570,063	494,324	386,081	604,120
Gearing	97.8%	96.7%	79.4%	57.7%	88.3%
Cash flows and investments					
Cash flow from operating activities	70,793	57,772	66,001	81,861	(9,385)
Free cash flow	33,708	52,437	42,765	41,009	(48,703)
Net investments[1)]	45,950	40,217	29,992	42,999	56,321
Depreciation, amortization and impairment	31,648	36,854	46,124	41,371	39,267
Human resources					
Employees[2)]	10,540	11,075	11,078	11,653	12,135
Share					
International Securities Identification Number (ISIN)					AT0000758305
Market capitalization	1,219,901	1,015,018	736,828	1,328,922	757,915
Price as at month end (EUR)	32.45	27.00	19.60	35.35	21.80
Earnings per share (EUR)	0.94	1.16	0.40	1.49	1.13

1) From 2019 including additions from leases (IFRS 16).
2) Reporting date figures of consolidated Group companies without equity investments and without contingent workers.

DEAR SHAREHOLDERS,

For the first six months of 2022, which were characterized by upheavals and uncertainties worldwide, PALFINGER AG presents strong figures. At EUR 1.04 billion, half-year sales are up 17.5 percent on the previous year. EBIT, on the other hand, falls by 12.9 percent to EUR 80.2 million and net income of EUR 39,2 million is also lower compared to the previous year’s period. Main drivers for the business development in the first half of 2022 are the striking cost increases for materials and energy, which have intensified further with Russia's war on Ukraine, while the implemented price increases will only have a deferred effect due to the high order backlog. Furthermore, the tight supply chain is resulting in a massive increase in inventories, with negative effects on cash flow and net financial debt.

Despite the volatile environment, we continue to invest in our research and development facilities. PALFINGER's global technology center was opened in Köstendorf, where control, regulation, and drive technology are centrally and uniformly developed. This ensures that our products and solutions can be manufactured in a modular way and used worldwide. The acquisition of the 35 percent minority interest in Guima Palfinger S.A.S. (Guima) as well as the 40 percent minority interest in Palfinger comércio e aluguer de máquinas, S.A. ("PALFINGER Portugal") contributes to the implementation of the Strategy 2030 and will enable the Company to react even more quickly and efficiently to market developments, especially in the EMEA region.

PALFINGER's 90th anniversary was celebrated from May 16 to 22 at the Messezentrum Salzburg with the theme "Experiencing the spirit of our joint success since 1932". While customers and suppliers, pupils and students were the focus of fascinating panel discussions from Monday to Friday, the weekend was spent celebrating with employees' families. In addition, there was a huge action park with many PALFINGER products throughout the week. The events, which were attended by more than 6,000 participants, reflect PALFINGER's close ties with its stakeholders.

Russia's war on Ukraine is creating major challenges that are being addressed through a dedicated task force. In this context, PALFINGER's Russian subsidiaries have been organizationally separated from the rest of the Group and act autonomously and independently.

Despite our full order book, which extends into the second quarter of 2023, and all the measures that we have taken, visibility is limited. Nevertheless, we are aiming for record sales of EUR 2 billion in 2022 and are sticking to our medium- and long-term targets.

Your,

Ing. Andreas Klauser
Chief Executive Officer

Dr. Felix Strohbichler
Chief Financial Officer

DI Martin Zehnder, MBA
Chief Development and Production Officer

CONSOLIDATED MANAGEMENT REPORT AS OF JUNE 30, 2022

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

- **Record order level**
- **The Russian war on Ukraine, ongoing supply chain problems and massively rising costs characterized the 1st half of the year**
- **Technology center opened in Köstendorf**

Macroeconomic conditions

The global economy's recovery from the effects of the pandemic was slowed in the first half of 2022 by Russia's war against Ukraine. This war has led to both a humanitarian and an economic crisis with global repercussions. The International Monetary Fund forecasts global economic growth of 3.2 percent in 2022, a significant downward revision of last year's projections.

According to the European Commission, the euro zone will achieve a plus of 2.7 percent in 2022 following growth of 5.4 percent in the previous year. The USA should achieve economic growth of 3.2 percent; All growth rates will, therefore, be lower than in 2021.

The global impacts of the war continue to include rising energy prices, supply chain bottlenecks, high financial market volatility, and uncertainty in investment decisions. Due to its high dependence on Russian energy, the effects of the war are particularly felt in the EU.

Demand for steel products and developments in steel price
Global steel demand is expected to reach 1.9 billion tons in 2022. Steel demand is forecast to increase by 1.1 percent and 2.4 percent in 2022 and 2023, respectively, after recovering by 16.5 percent in 2021. After the start of the war, steel prices rose substantially. In the meantime, a trend reversal has occurred. Due to the weak economic forecasts, prices are falling again. Nevertheless, the steel price remains at a high level.

Foreign exchange and inflation
PALFINGER's global nature leads to payment flows in various currencies. The US dollar (USD) and the Russian ruble (RUB) have the greatest impact on the business development of PALFINGER AG. Due to the war, the RUB has lost value and plunged to a rate against the USD of 120:1 (RUB/USD). Despite all sanctions, the exchange rate is now even higher than pre-war levels.

The war-induced rise in raw material prices and the resulting price pressure contribute to an increase in inflation worldwide. Global inflation is expected to reach 6.6 percent in advanced economies in 2022. The Austrian inflation rate rose to 8 percent in May 2022.

As a global company, PALFINGER is not spared from global market developments. Supply chain bottlenecks and the increase in raw material costs as well as logistic costs are particularly challenging. To counteract these developments, PALFINGER is implementing a number of targeted and coordinated measures. The following report details these effects as well as the business performance in the first half of 2022.

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 2022
The first half of 2022 closes with a record order backlog, mainly driven by the first quarter in the EMEA, NAM and LATAM regions. The Russian attack on Ukraine and the associated decline in the economic forecast slowed demand in the second quarter. PALFINGER's orderbook extends into the second quarter of 2023. The challenges in procuring materials and components remain. PALFINGER intensified communication as well as coordination with its customers to counteract the effects of delayed deliveries. In purchasing and production, targeted actions were being taken to improve delivery reliability. Instability in the truck supply chain made it difficult to synchronize Palfinger production with truck deliveries, which led to high finished goods inventories.

Implementing dynamic pricing compensates fluctuations in material costs in the future, which assures and stabilizes profitability. The introduction will take effect from January 2023.

The service business in the MARINE sector was picking up speed again after the travel restrictions imposed by Covid-19. The elimination of most restrictions enabled technicians to carry out maintenance and services on site at customer's premises again.

Together with its partner and customer Aker BP, PALFINGER was awarded a framework agreement for the supply and maintenance of remote-controlled cranes in the offshore sector.

Outlook
The challenges faced in the first half of the year will continue in the second half of the year. PALFINGER is doing everything in its power to increase delivery reliability and ensure the best service for customers and partners.

Procurement

The global function of Procurement is divided into the categories Raw Materials, Cylinders, Control Systems & Mechatronics, Hydraulic & Equipment and Indirect Spend & Investment.

Significant events in the first half of 2022
Unabated high demand for steel, semiconductors, electronic parts and components combined with strained global supply chains led to significant cost increases and supply bottlenecks. The Covid-19 lockdowns in China and the Russian war against Ukraine exacerbated the situation. The loss of wiring harness production in Ukraine also caused massive delays in truck deliveries. PALFINGER was able to successfully manage the lack of chips and ensure that almost all its requirements are met until the end of 2022. In addition, PALFINGER supported its suppliers in the procurement of raw materials and electronic components.

PALFINGER consistently pursues a make-or-buy strategy. As part of this, the share of internal production will be reduced, and the procurement of external supplier parts and components increased.

As part of PALFINGER's 90th anniversary event week in May, a Supplier Day was held in Salzburg to exchange ideas between PALFINGER and its suppliers and to provide a forecast. Suppliers are specifically informed at an early stage about planned developments in order to grow together with PALFINGER in the long term and to drive forward the implementation of the "Local for Local" strategy.

Outlook
The underlying conditions, ranging from volatile material costs to high energy costs and strained supply chains, will continue in the second half of the year. Procurement is focused on ensuring security of supply with materials and vendor parts.

Operations

The global function of Operations is responsible for all production plants of the PALFINGER Group. To create greater geographical proximity to its customers and optimally benefit from cost advantages in best-cost countries, PALFINGER operates production and assembly plants in all regions of the world at a total of 31 locations.

Significant events in the first half of 2022
PALFINGER succeeded in managing Covid-19-related staff absences in the first quarter. Following Russia's war on Ukraine and the resulting restricted truck and material availability, output adjustments were implemented at the plants in the EMEA region in the second quarter. Supply chain issues led to high inventory levels at production and assembly sites.

The war in Ukraine caused a reassessment of strategy in the CIS region. The production sites in Russia operate now independently and the supply chains were set up autonomously. In the wake of these measures, planned investments in Russia were halted.

Outlook
The second half of the year will be characterized by the successful management of unstable supply chains and securing production. In addition, the NAM region will be optimized. The output should be stabilized and increased in the second half of the year.

Research and development

Research & Development contribute significantly to PALFINGER's positioning as innovative market leader. The global function of Product Line Management & Engineering bundles all research and development activities for this purpose.

Significant events in the first half of 2022
The global technology center opened in Köstendorf at the end of June. In the new technology center, the global research activities of all product lines are bundled and standardized. This is an essential step in the implementation of the strategic pillars "Go for Solutions" and "Go Digital”.

The newly established Center of Excellence (CoE) for "Vehicle Integration" is driving forward the development of standardized integration of product solutions into the vehicle.

In the offshore crane sector, a new standard of safety and efficiency is being set with long-time partners Aker BP and Optilift in the development of remote control and automation for offshore cranes.

PALFINGER is also working with ZF Friedrichshafen AG and Mercedes-Benz Trucks to develop a solution based on the eWorX system that will allow any PALFINGER product to be mounted and used on a high-voltage truck. The advantages of electrification range from the elimination of CO2 emissions to the reduction of noise pollution due to the quiet operation.

Together with Rosenbauer, Prinoth, Amman and TTControl, PALFINGER founded a development consortium called the "Autonomous Operating Cluster" (AOC). In the process, autonomous work machines for the off-highway sector are being jointly developed.

Outlook
New models and solutions for electric trucks will be presented at bauma in Munich in October. In NAM, the expanded range of truck-mounted forklifts will be launched on the market in the second half of the year. This will provide a comprehensive product range for a wide variety of industries.

OTHER EVENTS

Changes under company law

In February 2022, Palfinger proizvodnja d.o.o. Beograd was founded in Serbia as a 100 percent subsidiary of Palfinger EMEA GmbH.

On May 11, PALFINGER acquired the 35 percent minority interest in the French Guima Palfinger S.A.S. (Guima) from Compagnie Générale Vincent S.A.S., so that PALFINGER now holds 100 percent of the shares.

On June 28, Palfinger Ibérica Maquinaria, S.L. L. acquired another 40 percent of the shares in the Portuguese Palfinger comércio e aluguer de máquinas, S.A. PALFINGER thereby holds 100 percent of the shares in the company.

Stock market related news

In view of expected massive cost increases and uncertain supply chains, PALFINGER issued a profit warning for the first half of the year on January 20 for an EBIT significantly below the EBIT of the comparable periods of the previous year.

On January 27, the Supervisory Board of PALFINGER AG passed a resolution to reappoint Felix Strohbichler as Chief Financial Officer (CFO) for further five years until December 31, 2027.

On March 21, PALFINGER issued another profit warning related to Russia's war on Ukraine and the subsequent impact on business in Russia as well as on the availability of components and trucks. For 2022, the company expected EBIT to be significantly below that of the record year 2021.

The 34th Annual General Meeting of PALFINGER AG was held in Salzburg on March 24 with the virtual participation of 258 shareholders with voting rights and resolved to distribute a dividend of EUR 0.77 per share. This corresponds to a total of approximately EUR 29 million. The Annual General Meeting reappointed Hannes Bogner to the Supervisory Board.

On May 13, the Supervisory Board extended the contract of CEO Andreas Klauser by five years until May 31, 2028.

On June 24, PALFINGER AG announced the acquisition of 7.52 percent of its own shares based on the dissolution of the cross-shareholding with SANY. The completion of the transaction and the transfer of the 2,826,516 treasury shares from SANY EUROPE GmbH took place on July 28, 2022. The acquisition was made in accordance with the agreement of December 2021 at a price of EUR 35.20 per share. The buyback has no effect on the stock exchange listing of PALFINGER AG.

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.

ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Assets and financial position

Equity increased in the first half of 2022 to EUR 684.6 million after EUR 669.2 million for the same period in the previous year. Following 39.34 percent in the 1st half of 2021, the equity ratio is now 34.58 percent. The increased focus on sustainability in 2021 was underlined in the first quarter with the first sustainable financing. PALFINGER achieved a historically best interest rate level of 1.25 percent.

Working capital increased in the first half of 2022 due to the higher inventories and is significantly above the previous year's level. The net debt/EBITDA ratio thus increased to 2.63.

Earnings situation

The record order backlog and the effect of the price increases from 2021 led to the historically highest revenue in a 1st quarter. In the second quarter, PALFINGER achieved the best quarter in the Company's history in terms of revenue, where exchange rate effects also contributed to the revenue growth. Group sales in the first half of 2022 amounts EUR 1,039.0 million (1-6 2021: EUR 884.1 million).

Despite the material, personnel and capacity bottlenecks, the cost of sales in the first half of 2022 reached EUR -790.9 thousand (1-6 2021: EUR -647.8 thousand). The sharp rise in material and energy costs could not be absorbed due to the staggered effectiveness of the price increases. Following output adjustments in the second quarter, variable personnel costs increased by 17.9 percent to EUR -112,343.7 thousand in the first half of 2022 (1-6 2021: EUR -95,297.6 thousand).

Driven by the strong sales development, the EBIT for the first half of 2022 amounts EUR 80.2 million (1-6 2021: EUR 92.1 million). EBITDA developed in line with EBIT and amounted to EUR 119.5 million in the first half of 2022 (1-6 2021: EUR 133.5 million).

The financial result for the 1st half of 2022 amounted to EUR -5.1 million after EUR -4.6 million for the same period in the previous year. Earnings before taxes in the first half of 2022 were EUR 75.1 million following EUR 87.5 million in the same period in 2021.

The negative development of operating cash flow from EUR 81.9 million 2021 to EUR -9.4 million 2022 resulted mainly from the build-up of working capital.

DEVELOPMENT OF THE SEGMENTS

Sales & Service segment

Overall, revenues in the first two quarters of 2022 increased to EUR 931,439.1 thousand (1-6 2021: EUR 823,923.0 thousand). The two regions that recorded the largest growth were NAM and, above all, LATAM. The lower EBITDA (1-6 2022: EUR 72.3 million/1-6 2021: EUR 99.7 million, EBIT (1-6 2022: EUR 60.8 million/1-6 2021: EUR 82.5 million) and the lower EBIT margin (1-6 2022: 6.5 percent/1-6 2021: 10.0 percent) result from the adjusted transfer prices from the operations segment at the beginning of the year.

Operations segment

The peak level of orders kept PALFINGER's plants working with a high utilization. The global shortage of materials strained internal and external supply chains, and the resulting inefficiencies acted as restraining factors in the operations segment. External sales in the first half of 2022 almost doubled to EUR 107.6 million compared to the same period last year at EUR 60.2 million. EBITDA increased to EUR 50.3 million (1-6 2021: EUR 44.8 million) analogous to the EBIT EUR 31.0 million (1-6 2021: EUR 27.6 million). The EBIT margin was 4.1 percent.

Holding

In the 1st half, exchange rate effects and nonrecurring items had a positive impact on divisional EBIT. At EUR -4.3 million (1-6 2021: EUR -11.3 million) EBITDA – like EBIT of EUR -11.6 million (1-6 2021: EUR -18.0 million) – is significantly higher than in the same period of the previous year.

RISK REPORT 2ND HALF-YEAR 2022

Risk management system

- **Russia's war against Ukraine shapes risk position**
- **Task force established for crisis management in the wake of war, Covid-19 pandemic, and strained resources and supply chains**

The enterprise risk-management process described in the 2021 Annual Report will be continued in the 2022 financial year. Building on and supplemental to the 2021 Annual Report, the risks listed below arise for the second half of 2022. In this process, risks are grouped into the following categories: Strategy & Organization, Product Development & Innovation, Sales & Service, Purchasing & Supply Chain, Production, IT & Communication Management, Legal & Compliance, Human Resources, Finance & Taxes as well as accounting risks.

The effects of the war in Ukraine also pose major challenges for PALFINGER (in particular the developments in the CIS region and the dependencies on gas supplies from Russia). From a risk perspective, the problematic situation PALFINGER is confronted with has been well managed to date. A newly established task force is monitoring the volatile developments of the continuing war. In particular, potential effects on PALFINGER's ongoing business operations are monitored and, if necessary, appropriate measures are taken (see below, in particular risks and measures related to market development, customs regulations for exports and imports, foreign currency risks, and impairments). In connection with the sanctions by the EU and its international partners against Russia and the counter-sanctions imposed by Russia, as well as the suspension of deliveries of Russian goods to Europe (see, in particular Risks and measures of energy supply), there is an increased risk of further rises in European energy prices and general inflation in costs. In addition, further bottlenecks may occur in some places in the procurement of raw materials and supplies, which, on the one hand, further increases the risk of inflation and on the other jeopardizes the safeguarding of material availability and production (see Risks and measures relating to cost fluctuations and downtime Production, delivery bottlenecks / outages and capacity bottlenecks).

PALFINGER is also affected by the ongoing implications of the pandemic as well as the tense supply situation. The corresponding task forces have been retained to monitor current developments and take targeted measures to address them.

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		
Market development Macroeconomic, political and economic developments influence the size, stability and growth of markets.	• The volatile market environment is characterized by country-specific political influences as well as Russia's war of aggression against Ukraine and the ongoing Covid-19 pandemic.	• 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 detailing measures to be taken in the event of a drop in sales • Monitoring of individual markets, especially in the CIS region
Sales volume based on truck availability Truck availability is volatile, which changes the demand from customers and dealers.	• The component shortage is also affecting the automotive sector. Since a large number of PALFINGER products are mounted on trucks, this may result in a shift in sales volume.	• Close monitoring by management and the "Supply & Operations Resilience" task force • Raising awareness across the entire network (dealers / subdealers) • Close end-customer contact to make customers aware of extended truck delivery times
Bad debt PALFINGER provides payment terms for customers.	• The effects of the Covid-19 pandemic on the economy and the loss of government support together with the tense general political and economical situations increases the risk of default.	• Continuation of increased and close monitoring of receivables in 2022 • Establishment 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 subject to import regulation formalities.	• Economic sanctions as well as import and export restrictions can reduce existing market potential. • Changes in customs regulations may result in additional fees and higher costs, and thus lower demand in export markets.	• Expand processes to identify and avoid economic sanctions • Additional monitoring and control through "Sanctions Development" task force newly established in 2022 • Strategic alignment: Working the markets as a global player with local production
Purchasing & supply chain		
Cost fluctuations The cost structure is heavily dependent on material prices.	• In certain cases, purchasing costs for raw materials, components and energy are subject to strong fluctuations. The war in Ukraine and the resulting potential oil and gas shortages are leading to a sharp rise in costs. • Developments in recent months are causing capacity bottlenecks in the availability of raw materials and components. The cost structure will be negatively impacted by these developments in the second half of the year.	• Expansion of the established pricing committee • Longer-term supply contracts • Close cooperation with strategic suppliers and rolling demand planning
Production downtime, delivery bottlenecks / failures and capacity bottlenecks PALFINGER's output is influenced by the supply and raw materials situation as well as capacity bottlenecks in production.	• The shortage of raw materials, the war in Ukraine, and the ongoing Covid-19 pandemic are impacting the availability of purchased parts and raw materials. In addition, potential gas supply disruptions by Russia could have a negative impact. This can lead to delays and disruptions in national and international supply chains and thereby reduce planned output.	• Close monitoring in 2022 by management and the individual task forces • Implementation of multiple procurement options • "In the region, for the region" procurement strategy. • Supplier performance monitoring is carried out using selection, risk management and supplier management systems
Import and customs regulations PALFINGER operates as an international company and is subject to import regulation formalities.	• The current situation surrounding the war in Ukraine is leading to changes in import and customs regulations, resulting in delays in cross-border shipments or higher costs.	• Optimization of the supply chain and further development of the "In the region, for the region" procurement strategy • Additional monitoring and control through "Sanctions Development" task force newly established in 2022

Risk category	Risk description	Risk minimization measures
IT & communication management		
Cybercrime Companies that operate internationally are targets for cybercrime.	• Also driven by the war in Ukraine, 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 office for data security • Implementation of awareness initiatives such as training, newsletters • Continuous further development of the internal control system
Legal & compliance		
Compliance As an internationally operating company, PALFINGER is subject to a large number of local laws, international standards and legal practices. A major compliance issue for PALFINGER in the second half of the year is sanctions and export control.	• 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 sanctions regulations that have been and are being issued against Russia and other countries.	• Implementation and constant further development of a comprehensive export control and sanctions process incl. business partners and sanctions audit • Transfer management of the operating business to Russian management while maintaining financial reporting
Loss of control through state intervention PALFINGER is exposed to the risk of loss of 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 relies on high product quality and has a quality management system in accordance with ISO 9001.	• The good order situation together with partial interruption or delay in deliveries of raw materials and components is resulting in high capacity utilization in assembly and production plants. This can increase the susceptibility to errors and 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
Energy supply As an industrial and production company, PALFINGER depends strongly on a smooth and guaranteed energy supply.	• Russia is restricting gas supplies to the EU. As a consequence, production losses, interruptions, and delays may occur, which could threaten output and sales.	• Analysis of alternative energy raw materials and conversion options • Site specific observation • Analysis of potential gas saving measures

Risk category	Risk description	Risk minimization measures
Human resources		
Lack of qualified employees PALFINGER values its employees and their professional qualifications as an essential basis for economic success in the long term.	• For PALFINGER, its employees are a key success factor. A shortage of qualified staff 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, which will be opened and expanded in 2022 • Positioning as an attractive employer through health services, flexible working time models, etc. • Establishment of additional measures for employee 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.) • PALFINGER creates appealing packages to attract and retain specialists and managers in the long term • Roll out of comprehensive talent management in 2022 • Implementation of a uniform process for performance appraisal and further development of employees • Establishment of a standardized process and central control of wage and salary increases for the entire group
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.	• The ongoing Covid-19 pandemic continues to pose a threat to employee health. The high risk of infection from Covid-19 poses a risk of further spread among employees and their families.	• Implementation of a comprehensive and group-wide package of measures as part of the Covid-19 task force to protect the health and safety of employees as well as possible • Ongoing adaptation of measures, awareness campaigns, and monitoring of measures by the Covid-19 task force. • Creation of vaccination options for PALFINGER employees and family members. • Roll out of group-wide standards for occupational safety • Continuous further development of PALfit, the company health management system • Strict monitoring by managers and HR 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.	• Fluctuations in exchange rates, especially at the moment with the RUB and the USD, may lead to losses. Natural hedges, i.e. offsetting 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 security strategies • Regular meetings with the CFO regarding adjustment of the hedging strategy if necessary
Accounting risks		
Impairments The valuation of assets and purchase price allocations in the context of company acquisitions are made based on 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 escalating war on Ukraine has led to a deterioration in the market situation. This harbors the risk that individual assets will have to be adjusted to reflect a changed valuation or that investments will not be amortized as planned.	• Monitoring and identification of indications of impairment, among other things as part of a "Sanctions Development" task force newly established in 2022

OUTLOOK

The course of 2022 will be characterized by high volatility and uncertainty. While steel costs are easing at a high level, the development of energy prices still cannot be estimated. PALFINGER's main focus is therefore on optimizing and securing its internal and external supply chains.

To secure regional independence, PALFINGER is increasingly turning to the potential of NAM and LATAM. Due to their structure and the advantage of PALFINGER's local footprint, both regions offer opportunities from which PALFINGER should benefit even more in the future.

PALFINGER had a record order backlog in the first half of 2022, but visibility is limited due to the difficult and unpredictable general conditions. The target for the full year 2022 are record sales of EUR 2 billion. The medium-term financial targets for 2024 – of EUR 2.3 billion in sales via organic growth, 10 percent EBIT margin and 12 percent ROCE – remain unchanged. The sales target of EUR 3 billion is expected to fall by 2030 at the latest.

Condensed interim consolidated financial statement as of June 30, 2022

CONSOLIDATED STATEMENT OF INCOME (CONDENSED)

EUR thousand	Note	Apr–June 2021	Apr–June 2022	Jan–June 2021	Jan–June 2022
Revenue	1	478,231	553,400	884,124	1,038,997
Cost of sales		(350,093)	(420,264)	(647,842)	(790,932)
Gross profit		**128,138**	**133,136**	**236,282**	**248,066**
Other operating income	2	6,549	9,525	17,787	15,918
Research and development costs		(14,055)	(16,988)	(24,332)	(31,216)
Distribution costs		(39,801)	(40,248)	(73,177)	(78,233)
Administrative expenses		(29,938)	(35,814)	(62,948)	(72,152)
Other operating expenses	2	(3,629)	(4,011)	(9,340)	(9,259)
Share of profit/loss of companies reported at equity	5	4,834	4,235	7,862	7,121
Earnings before interests and taxes – EBIT		**52,098**	**49,835**	**92,134**	**80,244**
Net financial result		(3,052)	(4,090)	(4,640)	(5,124)
Earnings before income tax		**49,046**	**45,744**	**87,494**	**75,120**
Income tax expense		(12,406)	(12,388)	(22,352)	(20,413)
Earnings after income tax		**36,640**	**33,357**	**65,142**	**54,707**
thereof shareholders of PALFINGER AG (consolidated net result)		**31,541**	**25,576**	**56,074**	**39,186**
thereof non-controlling interests		**5,099**	**7,781**	**9,068**	**15,521**

EUR	Note	Apr–June 2021	Apr–June 2022	Jan–June 2021	Jan–June 2022
Earnings per share (undiluted and diluted)	7	0.84	0.68	1.49	1.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

EUR thousand	Apr–June 2021	Apr–June 2022	Jan–June 2021	Jan–June 2022
Result after income tax	**36,640**	**33,357**	**65,142**	**54,707**
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)	1,807	71,484	12,119	72,284
Unrealized gains (+)/losses (–) from cash flow hedge (after tax)	158	828	971	(74)
Other comprehensive income after income tax	**1,965**	**72,312**	**13,090**	**79,182**
Comprehensive income	**38,605**	**105,669**	**78,232**	**133,889**
thereof shareholders of PALFINGER AG	**33,056**	**90,454**	**68,640**	**111,886**
thereof non-controlling interests	**5,549**	**15,215**	**9,592**	**22,003**

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	30 June 2021	31 Dec 2021	30 June 2022
Non-current assets				
Intangible assets		260,639	256,694	265,939
Property, plant and equipment	4	424,310	459,584	509,486
Investments accounted for using equity method	5	56,789	64,596	59,786
Other non-current assets		5,785	6,145	6,899
Deferred tax assets		27,904	25,223	23,849
Non-current financial assets	9	16,265	14,232	7,128
		791,692	**826,474**	**873,087**
Current assets				
Inventories	6	374,334	444,962	622,032
Trade receivables	6	245,166	264,255	285,851
Contract assets	6	36,926	27,153	29,544
Other current receivables and assets		57,470	77,427	91,227
Income tax assets		1,438	2,985	2,239
Current financial assets	9	8,303	6,420	5,387
Cash and cash equivalents		80,584	39,834	70,066
		804,220	**863,036**	**1,106,347**
Non-current assets classified as held for sale		104,866	3,128	172
		909,085	**866,164**	**1,106,519**
Total assets		**1,700,777**	**1,692,638**	**1,979,606**
Equity				
Share capital		37,593	34,767	34,767
Additional paid-in capital		86,844	86,844	86,844
Treasury stock		-	(96,667)	(96,667)
Retained earnings		573,163	604,801	609,387
Reserve of exchange differences on translation		(76,819)	(71,513)	(5,662)
Total equity of the shareholders of PALFINGER AG		**620,782**	**558,232**	**628,669**
Non-controlling interests		48,455	55,625	55,906
		669,237	**613,857**	**684,575**
Non-current liabilities				
Liabilities from puttable non-controlling interests		300	300	300
Non-current financial liabilities	9	363,413	347,580	475,809
Non-current purchase price liabilities from acquisitions	8, 9	11,230	12,864	14,212
Non-current provisions	3	71,465	71,429	42,786
Deferred tax liabilities		9,290	6,911	7,985
Non-current contract liabilities		3,527	3,608	3,140
Other non-current liabilities		223	88	251
		459,448	**442,780**	**544,483**
Current liabilities				
Current financial liabilities	9	127,744	189,398	210,816
Current purchase price liabilities from acquisitions	8, 9	13,066	300	978
Current provisions		28,081	30,858	57,795
Income tax liabilities		17,806	15,390	14,070
Trade payables and other current liabilities		346,909	355,412	416,767
Current contract liabilities		38,487	44,642	50,122
		572,092	**636,000**	**750,548**
Total equity and liabilities		**1,700,777**	**1,692,638**	**1,979,606**

DEVELOPMENT OF CONSOLIDATED CAPITAL (CONDENSED)

	Equity attributable to the shareholders of PALFINGER AG						
EUR thousand	Share capital	Additional paid-in capital	Treasury Stock	Retained earnings	Reserve ot exchange differences on translation	Non-controlling interests	Equity
As at 1 Jan 2021	**37,593**	**86,844**	**-**	**533,033**	**(88,799)**	**47,777**	**616,449**
Total comprehensive income							
Result after income tax	-	-	-	56,074	-	9,068	**65,142**
Other comprehensive income after income tax							
Remeasurement acc. to IAS 19	-	-	-	-	-	-	-
Unrealized gains (+)/losses (–) from foreign currency translation	-	-	-	-	11,980	139	12,119
Unrealized gains (+)/losses (–) from cash flow hedge	-	-	-	971	-	-	971
	-	**-**	**-**	**57,045**	**11,980**	**9,207**	**78,232**
Transactions with shareholders							
Dividends	-	-	-	(16,917)	-	(8,530)	(25,447)
Addition non-controlling interests	-	-	-	-	-	(300)	(300)
Disposal non-controlling interests	-	-	-	-	-	300	300
Other changes	-	-	-	1	-	2	3
	-	**-**	**-**	**(16,916)**	**-**	**(8,528)**	**(25,444)**
As at 30 June 2021	**37,593**	**86,844**	**-**	**573,162**	**(76,819)**	**48,456**	**669,237**
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**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

EUR thousand	Jan–June 2021	Jan–June 2022
Cash flow from operating activities		
Earnings before income tax	87,494	75,120
Write-downs (+)/write-ups (–) of non-current assets	41,490	39,219
Gains (–)/losses (+) on the disposal of non-current assets	(1,761)	(444)
Non-cash change in purchase price liability	392	-
Interest income (–)/interest expenses (+)	3,707	4,213
Undistributed profits from companies reported at equity	(7,862)	(7,121)
Other non-cash income (–)/expenses (+)	(2,104)	2,666
Increase (–)/decrease (+) of assets	(113,652)	(168,855)
Increase (+)/decrease (–) of provisions	7,243	6,072
Increase (+)/decrease (–) of liabilities	80,876	50,383
Cash flow in operations	**95,823**	**1,254**
Interest received	1,605	780
Interest paid	(5,209)	(5,284)
Dividends received from companies reported at equity	3,390	17,041
Income taxes paid	(13,748)	(23,176)
	81,861	**(9,385)**
Cash flows from investing activities		
Cash receipts from the sale of intangible assets and property, plant and equipment	2,683	5,085
Cash payments for the acquisition of intangible assets and property, plant and equipment	(37,940)	(53,943)
Cash receipts from the sale of subsidiaries	223	-
Cash payments for the acquisition of subsidiaries net of cash acquired	(10,220)	-
Cash payments for the acquisition of entitites reported at equity	-	(60)
Cash receipts from the sale of securities	-	(4,664)
Cash payments for the acquisition of companies reported at equity	(521)	-
Cash receipts from other assets	746	10,739
	(45,029)	**(42,842)**
Cash flow from financing activities		
Dividends to shareholders of PALFINGER AG	(16,917)	(28,947)
Dividends to non-controlling shareholders	(8,530)	(14,990)
Cash payments for the acquisition of non-controlling interests	-	(21,322)
Repayment of loans for the acquisition of shares	(18,783)	(8,783)
Capital increase minority shares	300	-
Non-current refinancing of redemptions and maturing current loans	-	-
Repayment of maturing/terminated loans	-	195,000
Repayment of maturing/terminated promissory note loans	(11,000)	(71,000)
Raising of short term financing	-	103,522
Repayment of lease liabilities	-	(70,000)
Cash payments for/cash receipts from other financial liabilities	(6,808)	(5,982)
	(61,738)	**77,499**
Total cash flow	**(24,906)**	**25,272**
Free cash flow[1]	**41,009**	**(48,703)**

	2021	2022
Cash and cash equivalents as at 1 Jan	104,198	39,834
Effects of exchange rate changes	1,292	4,961
Total cash flows	(24,906)	25,272
Cash and cash equivalents as at 30 June	**80,584**	**70,066**

1) Sum total of operating cash flows and investment cash flows plus interest on borrowings minus tax-duductible interest on borrowings

SEGMENT REPORTING

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

Jan–June 2021

EUR thousand	SALES & SERVICE	OPERATIONS	HOLDING	Segment consolidation	PALFINGER Group
External revenue	823,923	60,201	-	-	884,124
Intra-group revenue	-	510,845	-	(510,845)	-
EBIT	82,465	27,641	(17,972)	-	92,134

Jan–June 2022

EUR thousand	SALES & SERVICE	OPERATIONS	HOLDING	Segment consolidation	PALFINGER Group
External revenue	931,439	107,558	-	-	1,038,997
Intra-group revenue	37	641,774	-	(641,811)	-
EBIT	60,787	31,020	(11,563)	-	80,244

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, 2022, compiled based on IAS 34, the same reporting and valuation methods have been applied as in the consolidated financial statement for the financial year 2021. The consolidated financial statement for the year ending December 31, 2021, 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, 2021.

This interim consolidated financial statement of PALFINGER AG has been subjected to an external audit.

SIGNIFICANT EVENTS

The Russian war on Ukraine led to both a humanitarian and an economic crisis with global repercussions in the first half of the year. Global effects of the war continue to be rising energy prices, supply chain bottlenecks, high financial market volatility. The war in Ukraine is creating major challenges that are being addressed through a task force. As part of this, PALFINGER’s Russian subsidiaries have been organizationally separated from the rest of the group and act autonomously and independently. The measures taken ensure continuation of the company's operations.

There are no material circumstances that would lead to a change in the scope of consolidation.

Based on current forecasts, there are no significant indications of a reduction in the value of the cash-generating units that contribute to the group’s value. In addition, no requirement for a reduction in the value assets or cash-generating units has been identified as a result of the war in Ukraine.

To address the increased risk of credit default by Russian customers, the allowance for losses on loans and advances (ECL) was evaluated and adjusted accordingly.

CHANGES IN REPORTING AND VALUATION METHODS

No changes have been made to the reporting and valuation methods during the first half of 2022.

CHANGES TO THE SCOPE OF CONSOLIDATION

START-UPS

Palfinger Proizvodnja d.o.o. Beograd

On February 14, 2022, Palfinger Palfinger Proizvodnja d.o.o. Beograd was founded in Serbia as a 100 percent subsidiary of Palfinger EMEA GmbH, Austria.

NON-CONTROLLING INTERESTS

On 11 May, 2022, PALFINGER acquired the remaining 35 percent minority interest in Guima Palfinger S.A.S. from Compagnie Générale Vincent S.A.S. PALFINGER thus holds 100 percent of Guima as of May. The difference between the disposal of non-controlling interests and the purchase price amounted to EUR -14,430 thousand and was recognized directly in equity in accordance with IFRS 10.B96.

Furthermore, the remaining 40 percent minority interest in Palfinger comércio e aluguer de máquinas, S.A. was acquired from ÁREAMPLA, S.A. on June 28, 2022. PALFINGER thereby holds 100 percent of the company as of June. The difference between the disposal of the non-controlling interests and the purchase price amounted to EUR -461 thousand and was recognized directly in equity in accordance with IFRS 10.B96. The transaction includes an earnout that will be paid out in the 2025 financial year.

ACQUISITIONS

TSK Kran- und Wechselsysteme (Palfinger Duisburg)

On November 17, 2021, PALFINGER acquired the shelf company Diamond 201. GmbH, which was renamed Palfinger Duisburg GmbH. On November 19, 2021, PALFINGER signed the contract for the takeover of the operations of TSK Kran- und Wechselsysteme GmbH and TSR Lacktechnik GmbH by Palfinger Duisburg GmbH. The closing took place at the beginning of January 2022.

TSK Kran- und Wechselsysteme has been an important partner for sales and service in northern Germany for over 20 years. PALFINGER expects the acquisition to strengthen its presence in the German market. The Duisburg plant will be expanded to become the central sales and service location in the region.

The preliminary purchase price allocation based on the fair values determined at the acquisition date was as follows:

EUR thousand	**TSK**
Purchase price paid in cash	4,670
Purchase price not yet paid	738
Contingent consideration	220
Subtotal	**5,628**
Net assets	(5,550)
Goodwill	**78**

EUR thousand	TSK
Current assets	
Intangible assets	215
Property, plant and equipment	4,585
	4,800
Current assets	
Inventories	823
	823
Non-current liabilities	
Deferred tax liabilities	73
	73
Current liabilities	
Net assets	**5,550**

EUR thousand	TSK
Cash flows from operating activities	
Transaction costs	(346)
Cash flows from investing activities	
Purchase price paid in cash	(4,670)
Cash and cash equivalents	-
Net cash flows from the acquisition	**(5,016)**

Since the date of initial consolidation, the acquisitions have contributed sales of EUR 5,189 thousand to consolidated sales and a contribution of EUR -391 thousand to consolidated net income. If the acquisition had taken place on January 1st of the fiscal year, sales and consolidated earnings recorded would have been the same.

The purchase price allocation is based on preliminary values. The final assessment of the purchase price allocation will be completed within twelve months of the acquisition date once all the bases for determining the fair values have been analyzed in detail.

NOTES ON THE CONSOLIDATED INCOME STATEMENT

(1) REVENUE

Jan–June 2021

EUR thousand	SALES & SERVICE	OPERATIONS	PALFINGER Group
EMEA	518,214	47,565	565,779
NAM	173,182	3,606	176,788
LATAM	31,344	3,460	34,804
CIS	52,758	4,721	57,479
APAC	45,865	787	46,652
Revenue from customer contracts (IFRS 15)	**821,363**	**60,139**	**881,502**
Other revenue	2,622	-	2,622
Total revenue	**823,985**	**60,139**	**884,124**

Jan–June 2022

EUR thousand	SALES & SERVICE	OPERATIONS	PALFINGER Group
EMEA	545,866	82,466	628,332
NAM	218,127	6,990	225,117
LATAM	57,521	7,599	65,120
CIS	60,213	7,527	67,740
APAC	47,523	2,976	50,499
Revenue from customer contracts (IFRS 15)	**929,250**	**107,558**	**1,036,808**
Other revenue	2,189	-	2,189
Total revenue	**931,439**	**107,558**	**1,038,997**

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 2021	Jan–June 2022
Exchange rate differences income	6,985	9,834
Exchange rate differences expenses	(6,427)	(4,286)
Exchange rate differences in at equity result	96	(371)
Earnings before interest and taxes – EBIT	**654**	**5,177**
Exchange rate differences of the net financial result	(816)	(962)
Result from exchange rate differences	**(162)**	**4,215**

NOTE ON THE CONSOLIDATED BALANCE SHEET

(3) NON-CURRENT PROVISIONS

A remeasurement of the main obligations for pensions, severance payments and service anniversary bonuses was carried out at the half-year point. The recommended interest rates for personnel provisions at the end of the first half of 2022 were on average 240 basis points higher than the interest rates as of December 31, 2021. A raised increase in benefits for the financial year 2022 was also assumed. The recalculation results in a decrease in provisions of EUR -11,523 thousand due to the higher discount rate.

(4) PROPERTY, PLANT AND EQUIPMENT

Compared to December 31, 2021, property, plant and equipment increased by EUR 2,657 thousand (1-6 2021: EUR 2,036 thousand) due to additions to land and buildings, by EUR 5,627 thousand (1-6 2021: EUR 2,853 thousand) to technical equipment, machinery and tools, and by EUR 8,197 thousand (1-6 2021: EUR 7,611 thousand) to operating and office equipment. Advance payments and assets under construction increased by EUR 27,205 thousand (1-6 2021: EUR 18,127 thousand) due to additions. Leased assets increased by additions of EUR 7,592 thousand (1-6 2021: EUR 4,801 thousand).

(5) INVESTMENTS IN COMPANIES REPORTED AT EQUITY

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

EUR thousand	2021	2022
As at 1 Jan	49,944	64,595
Share in the net result for the period	7,862	7,121
Addition	950	-
Dividends	(3,390)	(17,041)
Foreign currency translation	1,423	5,111
Reclassification	-	-
As at 31 Dec/30 June	**56,789**	**59,786**

(6) INVENTORIES AND TRADE RECEIVABLES

Inventories increased by EUR 177,070 thousand compared to December 31, 2021, mainly due to an inventory build-up of safety stock in the Operations segment in order to be able to hedge the growing supply chain risks in the best possible way, but also due to an unintentional inventory build-up in both segments caused by the instability of the supply chains. The increase in trade receivables of EUR 21,596 thousand in all regions can be attributed to strong sales, especially in June.

In connection with the existing factoring contract, receivables to the amount of EUR 64,686 thousand (December 31, 2021: EUR 47,986 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”.

(7) EQUITY

At the Annual General Meeting on March 24, 2022, dividend payments from 2021 earnings of EUR 28,947 thousand were approved. This corresponds to a dividend of EUR 0.77 per share (previous year EUR 0.45 per share).

Based on the result after income tax of EUR 39,186 thousand (1–6 2020: EUR 56,074 thousand), undiluted earnings per share amount to EUR 1.13 (1–6 2020: EUR 1.49). The diluted earnings per share are the same as the undiluted earnings per share.

(8) PURCHASE PRICE LIABILITIES FROM ACQUISITIONS

EUR thousand	2021	2022
As at 1 Jan	12,112	13,164
Addition	1,270	1,691
Allocation	1,059	-
Interest cost	(12,420)	395
Use	11,143	(60)
As at 31 Dec/30 June	**13,164**	**15,190**

The purchase price liabilities from acquisitions include purchase price components from the acquisition of subsidiaries. There are contingent considerations for the TSK and for the acquisition of the minorities of Palfinger comércio e aluguer de máquinas, S.A., which depend on future earnings before interest and taxes of the units and are due between 2023 and 2025. The maximum amount of the payment for the contingent consideration for the acquisition of Hinz is unlimited.

(9) 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, 2022, 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 2021	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021	30 June 2022
Assets								
Non-current financial assets	1,485	2,834	1,409	1,409	76	1,425	-	-
Trade receivables	137,127	160,684	-	-	-	-	137,127	160,684
Current financial assets	376	1,586	-	-	376	1,586	-	-
Liabilities								
Non-current financial liabilities	19	309	-	-	19	309	-	-
Non-current purchase price liabilities from acquisitions	12,840	14,188	-	-	-	-	12,840	14,188
Current financial liabilities	3,061	3,056	-	-	3,061	3,056	-	-
Current purchase price liabilities from acquisitions	-	-	-	-	-	-	-	-

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

EUR thousand	2021	2022
As at 1 Jan	12,088	12,840
Interest cost	1,059	401
Redemption	(12,420)	-
Increase through profit and loss	1,270	-
Addition	10,843	947
As at 31 Dec/30 June	**12,840**	**14,188**

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. Based on observable currency and interest rate data, the fair value of the financial instruments is determined internally using a discounted cash flow calculation. Level 3 fair values are determined internally using recognized calculation models based on equivalent market interest and implied volatilities. The calculation is made using a discounted cash flow calculation based on strategic planning.

CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets as of June 30, 2022. 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 99.1 thousand as of the reporting date.

RELATIONS WITH RELATED COMPANIES AND PERSONS

The receivable from Hubert Palfinger and Hannes Palfinger arising from the deficiency guarantee to the estate of Hubert Palfinger Senior decreased by EUR 8,638 thousand due to a payment from the bankruptcy quota in the amount of EUR 3,638 thousand and a redemption payment in the amount of EUR 5,000 thousand. Apart from the above, there have been no material changes with regard to relationships with related companies and persons. Business transactions with related companies and persons are conducted at arm's length. For more information on business relations, please refer to the consolidated financial statement of PALFINGER AG as of December 31, 2021.

SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

On July 28, 2022 the 2,826,516 treasury shares were transferred by SANY EUROPE GmbH. No further significant reportable events have occurred since the end of the interim reporting period.

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 28, 2022

Executive Board of Palfinger AG

Ing. Andreas Klauser m.p.
Chief Executive Officer

Dr. Felix Strohbichler m.p.
Chief Financial Officer

DI Martin Zehnder, MBA m.p.
Chief Development and Production Officer

REPORT ON THE AUDITOR 'S REVIEW

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of PALFINGER AG, Bergheim bei Salzburg, as of June 30, 2022. The condensed consolidated interim financial statements comprise the consolidated statement of income (condensed), the statement of comprehensive income (condensed), the consolidated balance sheet as of June 30, 2022, the consolidated statement of changes in equity (condensed) for the period from January 1 to June 30, 2022 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 of June 30, 2022 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 (1) No. 3 BörseG 2018.

Other Information

Management is responsible for the other information. The other information comprises the information included in the half-year report 2022 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 28, 2022

PwC Wirtschaftsprüfung GmbH

Peter Pessenlehner
Austrian Certified Public Accountant

Disclosure, publication and duplication together with the review report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version reviewed by us is not permitted. Reference to our review may not be made without prior written permission from us.

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.

FINANCIAL CALENDAR

October 28, 2022	Publication 1st–3rd quarter 2022
February 23, 2023	Publication of annual report 2022
March 19, 2023	Annual General Meeting record date
March 24, 2023	Deadline for deposit confirmation
March 29, 2023	Annual General Meeting
April 03, 2023	Ex-dividend date
April 04, 2023	Dividend record date
April 05, 2023	Dividend payment date
April 28, 2023	Publication of results Q1/2023
July 28, 2023	Publication of results HY/2023
October 31, 2023	Publication 1st–3rd quarter 2023

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.

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