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Report of the Executive Board of Palfinger AG (FN 33393 h) on the exclusion of the right to purchase (subscription right) for existing shareholders in accordance with Sections 65 (1b) and 171 (1) and 153 (4) of the Austrian Stock Corporation Act in the event of a possible sale of treasury shares

1. Basis of authorization — sale of treasury shares using different means, and authorization to exclude the right to purchase (subscription rights)

By resolution of the 37th Annual General Meeting of Palfinger AG, FN 77676f (the "**Company**"), on April 3, 2025, the permission for sale and use of treasury shares authorized at the 33rd Annual General Meeting on April 7, 2021 has been renewed, authorizing the Executive Board of the company in accordance with Section 65 (1b) of the Austrian Stock Corporation Act for a period of five years from the resolution and approval of the Supervisory Board, to sell treasury shares of the company by other means than via the stock exchange or through a public offering, and in doing so also to exclude shareholder right to purchase quotas (subscription rights). In preparation for the resolution adopted by the Annual General Meeting on April 3, 2025, the Executive Board submitted a written report in March 2025 in accordance with Sections 65 (1b) and 153 (4) (2) of the Austrian Stock Corporation Act on the possible reasons for the partial or complete exclusion of shareholder rights to purchase (subscription rights).

As at the date of this report, the company holds 2,826,516 treasury shares.

2. Exclusion of subscription rights

On April 1, 2025, the Executive Board of the company decided to start the concrete evaluation and preparation of a possible sale of company treasury shares in the current calendar year 2025 by other means than via the stock exchange and with partial or complete exclusion of the right for shareholders to purchase. In the event that a sale is actually carried out, the treasury shares are to be offered to institutional investors by means of **private placements** (accelerated bookbuilding process) and excluding the subscription rights of shareholders. Whether and which private placements will be carried out in calendar year 2025, as well as the respective date and concrete conditions, depend in particular on an attractive development of the capital market environment, the development in price of the company's shares on the Vienna Stock Exchange, the interest of potential investors to buy, and the approval of the company's Supervisory Board. In order to create the conditions for a possible sale and placement of company treasury shares to institutional investors by way of private placements to the exclusion of shareholder subscription rights, the Executive Board submits this report in accordance with Sections 65 (1b) and 171 (1) and 153 (4) of the Austrian Stock Corporation Act on the reason for the exclusion of the right to purchase (subscription rights). In addition, reference is made to the report prepared by the company's Executive Board in March 2025 in preparation for the Annual General Meeting on April 3, 2025.

3. The company's interest

When a sale of treasury shares is carried out, the treasury shares are to be offered to (institutional) investors by means of private placements using an accelerated bookbuilding process. The accelerated bookbuilding process also serves as a basis for setting the share issue price (sale price) of the shares to be sold. An accelerated bookbuilding process for placing shares is common practice and recognized on the international capital market. It is a tried and tested process that enables a rapid and flexible placement of shares within a short offering period. This allows the company to take market conditions and any market opportunities into account and flexibly use possible time windows for the private placement of treasury shares.

The accelerated placement of treasury shares using accelerated bookbuilding processes significantly reduces the placement and market risk for the company. Experience has shown that, due to the two-week subscription period, the placement of shares with subscription rights has the significant disadvantage that (institutional) investors either cannot be addressed, or can only be addressed with a lower issue volume due to the structure of the allocation mechanism and/or because of the market risks arising for these investors within the subscription period. In an accelerated bookbuilding process, on the other hand, the price expectations of the market can be assessed more precisely and rapidly during a short offer period.

International practice has also shown that an accelerated bookbuilding process can generally achieve better conditions for the company because immediate placement eliminates market risk factors that would otherwise be taken into account by institutional investors in the form of a discount on the asking price to the disadvantage of the company. The immediate and short-term placement of treasury shares avoids the risk of negative price changes during an offer period that would otherwise be longer (particularly in volatile markets) with adverse effects on the success and costs of capital action and the risk of speculation, for example by short sellers, against the company's share during the offering period. The reduction of placement and market risk is particularly important for more market-oriented stocks and in a volatile stock market environment, because market risks for the company may arise due to market conditions, especially in a market environment that is uncertain about macroeconomic factors.

Through the accelerated bookbuilding process with excluded subscription rights, the company also has the option of involving in the share placement institutional investors, who lodge promises to take on a certain number of shares (anchor investors). Consequently, advantages can be achieved in terms of the realizable selling price per share. As part of a private placement through an accelerated bookbuilding process, the company's shareholder structure can also be broadened and stabilized. This applies to the corresponding anchoring of the company's shareholders among institutional investors (in particular long-term financial investors and strategic investors), even if this is done in return for cash payment. It should be emphasized that there is no plan to sell treasury shares to the company's existing core shareholder, meaning that a broadening of the shareholder base would be expected if and when a private placement is carried out.

A public offering of treasury shares would require a significantly longer lead time to prepare and approve a securities prospectus and an extended offer period. The share placement as part of an accelerated bookbuilding process that excludes the right to purchase is carried out using an exception from the obligation to publish a prospectus, which avoids these disadvantages. A prospectus-free placement significantly reduces the company's liability risks and costs compared to a public offering subject to a prospectus.

The net proceeds from any sale of treasury shares will be used, among other things, to expand service structures in Europe and North America with the aim of significantly increasing the disproportionately profitable service business and realizing further growth opportunities, particularly in North America and Asia. In addition, activities in the defense business are to be further intensified. At the same time, the company's capital structure will be strengthened and balance sheet figures, such as the equity ratio, improved. With the placement of treasury shares, the free float and the liquidity of the share also increase, with potential positive effects on the share price.

4. Suitability, necessity and proportionality

The exclusion of subscription rights for the sale of treasury shares and the private placement through an accelerated bookbuilding process are suitable for achieving the stated objectives in the company's interest. The exclusion of subscription rights is therefore necessary and proportionate. The sale of treasury shares to strengthen capital structure and share placement, as well as the goals and associated advantages pursued with the accelerated bookbuilding process, cannot be achieved to the same extent by selling treasury shares with shareholder subscription rights or selling treasury shares via the stock exchange. This applies in particular to the higher transaction security and the regularly achievable placement advantages that affect price using the accelerated bookbuilding process, as well as the expansion and stabilization of the shareholder structure, including the advantages of possible involvement of anchor investors as part of a private placement.

A sale of treasury shares with subscription rights would require a significantly longer lead time, in particular to prepare and approve a securities prospectus. As a result, market opportunities cannot be exploited as quickly and flexibly as with the sale of treasury shares excluding subscription rights. Particularly in a volatile market environment that is uncertain about macroeconomic factors, a longer lead time can have a negative impact on the implementation of capital action. The development of the market and capital market environment is unpredictable, and it is particularly difficult to estimate if and when any adverse market developments may occur (see also item 3 of this report).

The cost advantages are also not achievable by selling treasury shares with subscription rights. In addition, a sale of treasury shares via the stock exchange for the purposes intended cannot be implemented within a reasonable time frame, in particular due to the usual trading volumes of the company's shares on the Vienna Stock Exchange and resulting volume restrictions for share sale programs as well as expected negative price effects due to the pressure to sell on the stock exchange during a share sale program.

The issue price (sale price) of the shares is to be determined using a standard market placement and pricing process in the form of accelerated bookbuilding and will be set appropriately, depending on market conditions, taking into account the price level of the company's shares on the Vienna Stock Exchange. By aligning the issue price (sale price) with the stock market price of the shares, the interests of shareholders are protected while avoiding dilution of the shareholder proportion rate as far as possible (see also item 5 of this report).

The volume of the sale of treasury shares is expected to be up to 2,826,516 treasury shares (7.52% of the share capital). Shareholders are open to buy shares within the scope of the usual trading volumes via the stock exchange, so that, as a rule, even if the company sells treasury shares while excluding the right of shareholders to purchase, it should be possible for them to largely compensate for a dilution in shareholder proportion rate by buying via the stock exchange.

If the sale price for treasury shares is appropriate (see also item 5 of this report), there is usually no risk of dilution in relation to a capital increase. Although the shareholder proportion rate changes – measured by the number of shares issued – even when treasury shares are sold, this only restores the ratio that existed before the company bought back its own shares and which changed temporarily as a result of restrictions on the company's shares (Section 65 (5) Austrian Stock Corporation Act). This does not involve an issue of new shares and a change in share capital combined with an effective dilution of existing shareholders who do not have the right to purchase. For the reasons given above in particular, the purposes and actions pursued in the company's interest with the exclusion of subscription rights prevail (this is also indirectly in the interest of all shareholders anyway), so that the exclusion of shareholder subscription rights is not disproportionate. On top of that, the possible sale of treasury shares and the exclusion of subscription rights are subject to the approval and scrutiny of the company's Supervisory Board.

5. Statement of grounds regarding share issue price (sale price)

In the event of a sale of treasury shares being carried out on the basis of a standard market placement and pricing process (accelerated bookbuilding process), the issue price (sale price) of the shares is set depending on market conditions and the share price level on the Vienna Stock Exchange. An accelerated bookbuilding process for placing shares and determining the price of shares is a common and proven practice on the international capital market. The issue price (sale price) is determined in accordance with market conditions, and the setting of the issue price (sale price) is subject to a market test, to ensure that it does not result in a disproportionate disadvantage for shareholders as a result of shareholder proportion dilution. The shares to be sold have the same rights (in particular profit claims) as the company's existing shares (ISIN AT0000758305). The rights from the shares are therefore included in the valuation of the share on the capital market (in particular the stock market price) and are therefore also accounted for in the issue price (sale price).

6. Summary

Having weighed up the above reasons, the Executive Board states that the intended exclusion of subscription rights is suitable, necessary, proportionate and factually justified and in the overriding interest of the company. This report by the Executive Board is published on the company's website, which is listed in the company register, and is also distributed electronically throughout Europe. Reference is made to this publication as published on the Austrian Federal Electronic Announcement and Information Platform (EVI). The approval of the company's Supervisory Board is required for the exclusion of subscription rights as part of a sale of the company’s treasury shares. In accordance with Sections 65 (1b) and 171 (1) of the Austrian Stock Corporation Act, a Supervisory Board resolution on this will be passed no earlier than two weeks after publication of this report.

Bergheim, on April 7, 2025

The Executive Board of Palfinger AG

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