ANNUAL REPORT 2024

2024

Daldrup & Söhne AG

Bohrtechnik

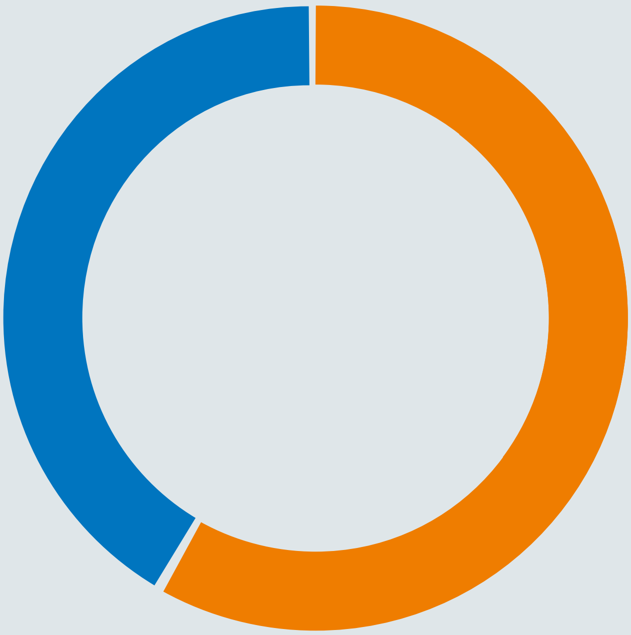
SHARE INFORMATION

ISIN: DE0007830572
WKN: 783057
Exchange segment: Open Market, Scale of the Frankfurt Stock Exchange
Indices: Scale All Share, DAXsector All Industrial, DAXsubsector All Renewable Energies
Selection index: Scale30
Number of shares: 5,989,500
Ticker Symbol: 4DS
Fiscal Year End: 31 December

SHAREHOLDER STRUCTURE AS AT 23 AUGUST 2024

DALDRUP FAMILY: 58.36 %

FREE FLOAT: 41.64 %



DALDRUP GROUP AT A GLANCE IN KEUR	2024	2023	CHANGE IN %
Total operating output	54,592	48,407	12.8 %
EBITDA	8,524	4,939	72.6 %
EBIT	6,937	2,586	168.3 %
Group annual net income	2,487	890	179.4 %
Total assets	34,213	42,257	- 19.0 %
Group equity ratio	68.8 %	49.7 %	38.2 %
Employees	152	139	9.4 %
Order backlog in EUR million	31.0 (March 2025)	38.5 (March 2024)	
Relevant market volume in EUR million	405.0 (March 2025)	263.0 (March 2024)	

Please note that rounding differences may occur if rounded amounts or percentages are used due to commercial rounding practices.

FOREWORD BY THE MANAGEMENT BOARD

Dear Shareholders,
dear Ladies and Gentlemen,

Fiscal year 2024 was a very successful year for our company in many ways. Despite ongoing macroeconomic uncertainties, we managed to further consolidate our market position and achieve significant growth.

We generated a total output of EUR 54.6 million in the Group, which is almost 13 % higher than previous year's result. Our operating result is particularly noteworthy: we were able to increase EBIT by a factor of 2.7 compared to the previous year to EUR 6.9 million. The EBIT margin in relation to total output is therefore 12.7 %. This means that our total output and EBIT margin are well above the forecast we raised in summer 2024 (EUR 50 million total output, EBIT margin between 7 % and 9 %). This growth impressively highlights the effectiveness of our corporate measures and the consistent implementation of our strategic agenda.

In addition to the dedicated work of our employees, this success is based on our well-diversified business model, which is also focussed on the operational drilling business with a clear focus on efficiency.

High-quality drilling services for the exploration and development of raw materials as part of research projects, for shallow and deep geothermal energy, for the search for repositories and for water extraction as well as within the setting of infrastructure projects have met with a favourable response in the DACH region (Germany, Austria, and Switzerland) and the Benelux countries. The Daldrup Group thus operates in central business segments that are highly relevant for securing basic living requirements, public services and for future generations. Furthermore, our range of services is relatively less dependent on economic fluctuations and therefore ensures a high level of strategic stability.

Another driver for our business has become clearly obvious as a result of the ongoing geopolitical upheavals: a largely decarbonised and autonomous energy supply in Europe offers key advantages in terms of economic efficiency and security. The case for investing in climate-friendly technologies has never been stronger. And geothermal energy is the only base-load-capable renewable heat source we have.

The annual results were based on good capacity utilisation of our drilling teams and our equipment fleet in all business segments. In the reporting period, we continued the exploratory drilling for Schweizer Salinen AG in Switzerland based on a contract to drill point wells for salt extraction. In Germany, the MTU Aero Engines AG contract at the Munich site was successfully completed, as was drilling for the Stadtwerke Neuruppin municipal utility. A complex high-tech drilling contract for the construction of a shaft pilot bore at the Asse mine was completed for Bundesgesellschaft für Endlagerung mbH (BGE). Moreover, RAG Aktiengesellschaft commissioned us for several complex drilling projects for the construction of interception wells and level boreholes as part of post-mining remediation, which we successfully completed. In shallow geothermal energy, sales contributions increasingly came from the construction of borehole fields for geothermal heat pumps in the commercial new construction sector.

In the reporting period, we consistently continued our strategy of reinforcing our core business through technical upgrades and investments in our equipment fleet. The latent personnel shortage in Germany has eased somewhat, but it remains a key area of intervention. With that in mind, we are continuing to consistently focus on expanding our own training capacities and on the targeted recruitment of qualified specialists, especially from neighbouring European countries, in order to secure and gradually expand our pool of skilled workers. With additional investments, we want to boost the efficiency and availability of capacities in all our business segments and participate disproportionately higher in the structural growth of geothermal energy in order to consolidate the Group's earnings level at 10 % plus x.

With our broad range of services and well-founded drilling and geothermal expertise, as well as plenty of reference projects, we are well positioned in the market. At the end of February this year, the EU Commission announced the Green Industrial Deal with a EUR 100 billion funding package and a reduction in bureaucracy. The goal is to promote climate-friendly EU industry, to advance decarbonisation and the resilience of the energy supply and to significantly reduce dependence on primary fossil fuels. To this end, the Net-Zero Industry Act (NZIA) defines key industries, which include geothermal energy along the entire value chain.

The significant reinforcement of strategic autonomy is also a key objective of the new federal government that took office in May 2025. In this context, extensive special funds totalling several hundred billion euros have been set up for investments in infrastructure and renewable energies. This offers new opportunities that benefit Daldrup in several ways: on the one hand through further expansion of geothermal energy, and on the other through additional orders in the area of specialised and exploratory drilling. This includes preparation for construction and renovation measures as well as long overdue and replacement investments in the rail, road, tunnel and bridge sectors. In Germany alone, over 4,000 bridges are in urgent need of renovation. There is also the prospect that the regulatory framework will continue to improve. Key milestones would be the establishment of an exploration licence and the enforcement of a Geothermal Energy Acceleration Act. This means more attractive development, investment and operating conditions for drilling companies as well as for operators of heat and power plants and heating grids. And above all, it means planning reliability and shorter authorisation processes. We are convinced that with substantial progress in these areas, the market will pick up significantly once again.

The positive market expectations are already reflected in the continuing high demand from potential new customers in the private and municipal sectors. The so-called 'relevant market' (as an indicator of the prospective order volume) amounted to around EUR 405 million as at 31 March 2025 and impressively illustrates the broad interest in our service portfolio.

On the same reporting date, the Group had an order backlog of around EUR 31 million. This includes geothermal projects in Switzerland and northern Germany. The Raw Materials & Exploration divisions are also well utilised with full order books. Considering these developments, the Management Board of Daldrup & Söhne AG anticipates a total output for the Group of around EUR 52 million and an operating EBIT margin in the range of 9 % to 12 % for the current fiscal year 2025, assuming business continues to unfold as planned.

Our special thanks go to our employees, whose outstanding commitment contributed to the successful development of the company. We would also like to thank our customers and business partners for their trust and long-standing collaboration. At the same time, we would like to extend our gratitude to our shareholders for their growing attention and continuous support.

Best regards and good luck!

Oberhaching, May 2025

Daldrup & Söhne AG
The Management Board

Andreas Tönies
(Spokesman of the Board)

Bernd Daldrup
(Board member)

Karl Daldrup
(Board member)

SUPERVISORY BOARD REPORT ON THE 2024 FISCAL YEAR

The supervisory board of Daldrup & Söhne AG carried out the control and advisory tasks that it is required to complete by law and in accordance with the articles of association and internal regulations in 2024 fiscal year. It advised the Management Board concerning the management and strategic alignment of the company and the Daldrup Group and monitored the members with regard to their conduct of the company's business based on all the information provided, while supporting the company's development and important individual measures.

The Supervisory Board regularly and promptly received updates from the Management Board about the course of business in the four business areas, the economic and regulatory situation, and especially the development of the financial and liquidity situation and the risk situation of Daldrup & Söhne AG, the Group, and its subsidiaries as well as current market and corporate topics.

This was done during and outside of Supervisory Board meetings by means of written or verbal reports, within the framework of in-person meetings at the company, video conferences or in telephone calls. For this purpose, the Supervisory Board regularly received extensive information or documents from the Management Board in accordance with statutory requirements, in particular on the net assets, financial position and earnings situation, but also on the order situation and drilling projects, key strategic and corporate decisions as well as expected developments. The Management Board has fulfilled its duty to provide information in all aspects. Scheduling and departures from specified plans were intensively discussed by the Supervisory Board and with the Management Board.

Opportunities and risks related to the course of business were regular topics of the Supervisory Board's deliberations. According to the Management Board's and Supervisory Board's internal regulations, the Supervisory Board was included in important decisions and was able to support the Management Board in its work.

The Chairman of the Supervisory Board was also in contact with the Management Board outside of meetings and was frequently updated in in-person meetings about significant developments that were material for the assessment of the given situation as well as for the operational and strategic management of the company and the group.

In accordance with Section 90(1) nos. 1 to 4 of the German Stock Corporation Act, the key aspects of the Supervisory Board's deliberations at all meetings during the reporting period included: the operating business development, the company's financial position, in particular the current liquidity situation, the organisational and personnel structures of the Daldrup Group, and prospects for the continuous development of the Daldrup business model. The Supervisory Board regularly received reports and other information, in particular on current company performance and the planned development of liquidity. The Supervisory Board also frequently received updates on the development of the order situation in the individual divisions, the details and progress of the main deep geothermal and special drilling projects as well as internal projects and reviewed them internally as well as with the Management Board.

MEETINGS AND KEY TOPICS

In fiscal year 2024, four ordinary Supervisory Board meetings were held on 15 January, 24 May, 1 July and 19 November. In addition to the Supervisory Board meetings, information was also exchanged in person or by telephone. With the exception of the Supervisory Board meeting on 15 January, all Supervisory Board members attended all meetings in person. Mr Wolfgang Bosbach did not attend the January meeting. The Supervisory Board has clarified, reviewed and always unanimously approved the transactions which required its approval by law and according to the articles of association.

At the Supervisory Board meeting on 15 January, the Supervisory Board discussed personnel and Management Board matters.

The Supervisory Board meeting on 24 May focused on the presentation and discussion of the annual financial statements for fiscal year 2023. The Management Board provided the Supervisory Board with a status report on the audit of the annual and consolidated financial statements as at 31 December 2023. This also included the dependent company report based on the documents that were previously submitted. This meeting was attended by the Management Board and the auditors. Amongst other things, they explained the main content of the audit of the annual financial statement, the consolidated financial statements and the management reports as at 31 December 2023 as well as the audit procedures. Questions about the audit status from Supervisory Board members and individual issues were discussed in detail. The Supervisory Board took note of the current status of the audit of the annual financial statements and the audit results.

The Supervisory Board and Management Board then discussed the competitive situation on the German and European markets as well as individual tenders and drilling projects. The Supervisory Board approved the Management Board's proposal to organise the Annual General Meeting in virtual form.

After receiving the final results of the audit of the annual financial statements and management reports of Daldrup & Söhne AG and the dependent company report of the Management Board as at 31 December 2023, the Supervisory Board completed its own detailed examination. Having duly and thoroughly reviewed the above-mentioned documents submitted to it, the Supervisory Board determined by way of resolution dated 29 May 2024 by circulating the motion that there were no objections to the financial statements and management reports. The Supervisory Board unanimously approved the financial statements and management reports for fiscal year 2023 submitted by the Management Board for the company and the group as well as the Management Board's dependent company report. The company's annual financial statement was thus certified (Section 172 of the German Stock Corporation Act).

At the third Supervisory Board meeting on 1 July, the Supervisory Board discussed the agenda items and the procedure for the Annual General Meeting with the Management Board. The Board thoroughly discussed the current and expected medium-term business relationship with banks and financiers as well as strategic options in this regard. The Management Board then presented the liquidity situation and individual drilling projects and acquisition activities in the Geothermal Energy and Natural Resources & Exploration segments.

At the fourth Supervisory Board meeting on 19 November, the Management Board explained the order situation and individual participations in tenders for major geothermal projects in Germany, Switzerland and the Netherlands. The Board also discussed the further strategic direction and an adjustment to the streamlining of Daldrup & Söhne AG's business activities. The Supervisory Board and Management Board then discussed a potential takeover of the company. Other topics on the agenda included the Group's liquidity situation and an outlook on the forecast issued for the fiscal year. The Management Board also updated the Supervisory Board about the collaboration with banks and financiers as well as a loan to IKAV from the sale of the Geysir Europe Group in 2019.

ORGANISATION OF THE SUPERVISORY BOARD

Unchanged from the previous year, the Supervisory Board consisted of the following four members in the reporting period: Josef Daldrup (Chairman of the Supervisory Board), Wolfgang Bosbach (Vice Chairman), Dr Michaela Daldrup-Arnold and Heinz Goßheger. All members of the Supervisory Board have been elected as members of the Supervisory Board until the end of the Annual General Meeting in 2027.

The Supervisory Board did not form any committees for reasons of efficiency. This also applies to an audit committee, the tasks of which remain unchanged from those of the overall supervisory board. There were no conflicts of interest among members of the Supervisory Board during the reporting period.

CHANGE IN THE MANAGEMENT BOARD

The contract with CFO Stephan Temming expired at the end of July 2024. The Supervisory Board thanks Stephan Temming for his commitment. CEO Andreas Tönies is managing the departments on an interim basis.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2024

The Management Board drew up the annual financial statement, the Consolidated Annual Financial Statement and the Consolidated Management Report for fiscal year 2024 for Daldrup & Söhne AG according to the provisions of the German Commercial Code (Handelsgesetzbuch) under the going concern premise. Grant Thornton AG, auditors, Düsseldorf, selected as auditor in the annual general meeting on 29 August 2024, audited the annual financial statement as well as the Consolidated Annual Financial Statement, the Management Report and the Consolidated Management Report for fiscal year 2024 of Daldrup & Söhne AG, with reference to bookkeeping, and confirmed each of them without reservation. The Supervisory Board satisfied itself of the independence of the auditor and of the persons acting on behalf of the auditor. At the Supervisory Board meeting on 12 May 2025, the auditor reported on the preliminary audit procedures and the key findings of the audit to date. He explained his findings to the Supervisory Board and was available to provide information and details. The Supervisory Board took note of the current status of the audit of the annual financial statements and the preliminary results of the audit reports.

The focus of the audit for fiscal year 2024 was on the existence and valuation of trade receivables, the existence and valuation of unfinished services, the occurrence and accuracy of sales revenues, the appropriateness of confirming the company's ability to continue as a going concern, as well as the completeness and accuracy of the consolidation entries. Further attention was paid to the correctness of the individual financial statements of the companies included in the scope of consolidation as well as the incorporation of the individual financial statements into the consolidated financial statements, the completeness of the information in the notes to the consolidated financial statements as well as the presentation of the business development and forecast information in the group management report.

The annual financial statements and the consolidated financial statements together with the respective management reports for the past fiscal year 2024 were submitted to all members of the Supervisory Board. The Supervisory Board acknowledged and approved the final audit reports and results. In a circular resolution dated 23 May 2025, the Supervisory Board concurred with the results of the audit by the auditor after completing its own dutiful examination and declared that it had no objections. The Supervisory Board has thus adopted the annual financial statements of Daldrup & Söhne AG prepared by the Management Board in accordance with Section 172 of the German Stock Corporation Act and unanimously approved the consolidated financial statements as at 31 December 2024. The Management Board will submit a proposal to the Supervisory Board on the appropriation of the balance sheet profit, taking the necessary investment budget into account.

DEPENDENT COMPANY REPORT

According to the auditor, the dependent company report of 31 December 2024 produced by the Management Board includes the prescribed information according to Section 312(1) of the German Stock Corporation Act and concludes that Daldrup & Söhne AG was not disadvantaged by the legal transactions and measures described, and received reasonable consideration.

The auditors therefore issued the following confirmation without reservation: 'According to our dutiful audit and appraisal, we confirm that 1. the actual details in the report are correct, 2. the company did not overpay in the transactions listed in the report, or disadvantages were settled, 3. there is no reason to appraise the measures listed in the report significantly differently to how the Management Board did.' The Supervisory Board assessed the dependent company report provided by the Management Board and the audit report provided by the financial statement auditor. According to the final finding of the Supervisory Board's own audit of the dependent company report, no objections were raised to the Management Board's declaration.

We would like to thank the Management Board and all employees of Daldrup & Söhne AG and its affiliates for their commitment and for making fiscal year 2024 a great success.

Oberhaching, 23 May 2025

Josef Daldrup
Chairman of the Supervisory Board

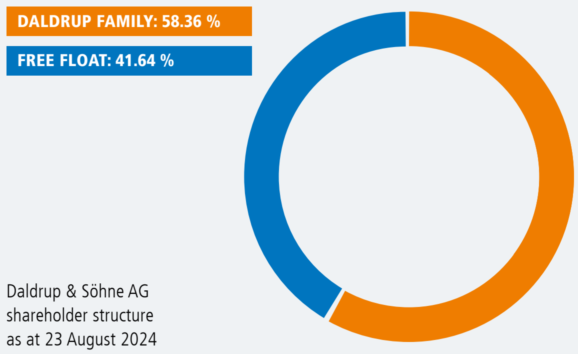
DALDRUP SHARE REMAINS STABLE IN VOLATILE STOCK MARKET ENVIRONMENT IN 2024

According to the media summaries on the stock market developments in 2024, the year was turbulent but successful. The main drivers were the positive economic development in the US, advancements in artificial intelligence and technology as well as a less restrictive monetary policy. Highly capitalised stocks were the main beneficiaries of these developments. In the USA, the well-known indices recorded significant share price increases after the record levels of the previous year. Germany's leading index, the DAX, also recorded a substantial increase in value. As in the two previous years, however, smaller companies and the corresponding small cap indices lagged behind the major players. The Nasdaq 100 rose by 24.9 % (previous year: + 53.8 %) and the MSCI World Index climbed 17.0 % (previous year: + 21.8 %). In Germany, the DAX40 rose by 18.8 % (previous year: + 20.3 %), while the SDAX dropped 1.8 % (previous year: + 15.5 %). The Scale30, to which Daldrup & Söhne AG belongs, remained flat in the reporting year with a slightly negative performance of 1.1 % (previous year: - 15.7 %). The sector-specific index for Daldrup, the DAXsector 'All Industrial', rose by 23.2 % (previous year: 21.1 %), while the DAXsubsector 'All Renewable Energies' once again lost significant ground with a drop of 35.4 % (previous year: - 26.1 %).

The Daldrup & Söhne AG share successfully bucked the poorer performance of the second-line stocks in the reporting year and at least achieved a minimal price gain of 0.2 % (previous year: 23.5 %) based on an XETRA closing price. The share started 2024 at an initial price of EUR 9.34 and immediately rose to its high of EUR 10.25 by the end of January. The stock experienced two price lows in mid-March and mid-August, the latter at EUR 6.90, which was also the low for the year. The share then regained ground by the end of the year and climbed in several stages to the same level as at the beginning of the year. The closing price at the end of the year was EUR 9.16. Daldrup shares thus performed slightly better than the relevant benchmark indices. The positive trend in the share price continued in the first two quarters of the current year until mid-May, exceeding EUR 11.00.

The balanced share price performance was supported by corporate news from Daldrup & Söhne AG on orders acquired in the Geothermal Energy and Raw Materials & Exploration divisions in Germany and Switzerland. The share price was also supported by the positive margin trend. The share price probably also benefited from the growing realisation among politicians and the population that the energy supply needs to be less dependent on individual supplier countries and energy types and that the heat supply needs to be decarbonised quickly, just like the electricity supply. And geothermal energy is the only renewable heat source we have in Central Europe.

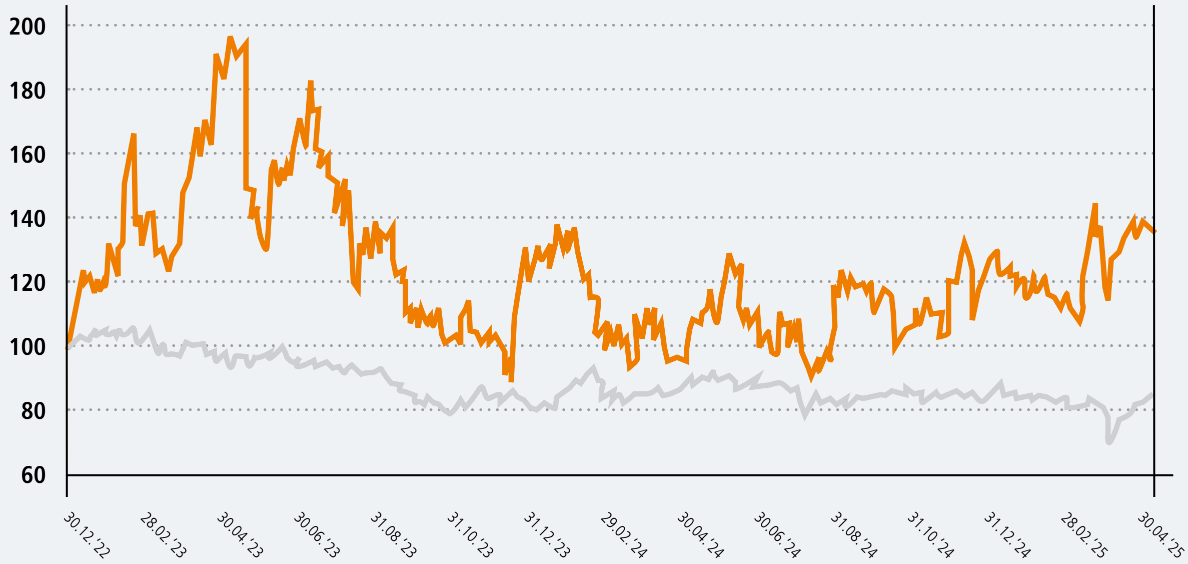
Sales of the Daldrup share on the trading platforms XETRA and tradegate as well as the regional stock exchanges were 6,100 shares on average in the reporting period (2022: around 10,600 shares). With an unchanged share capital of EUR 5,989,500.00, the market capitalisation remained at nearly the same amount of approximately EUR 54.9 million (previous year: EUR 54.7 million) at year-end 2024. Daldrup & Söhne AG did not undertake any resolutions for capital measures in the reporting year. The shareholder structure of Daldrup & Söhne AG remained virtually unchanged compared to the previous year.



Daldrup & Söhne AG shareholder structure as at 23 August 2024

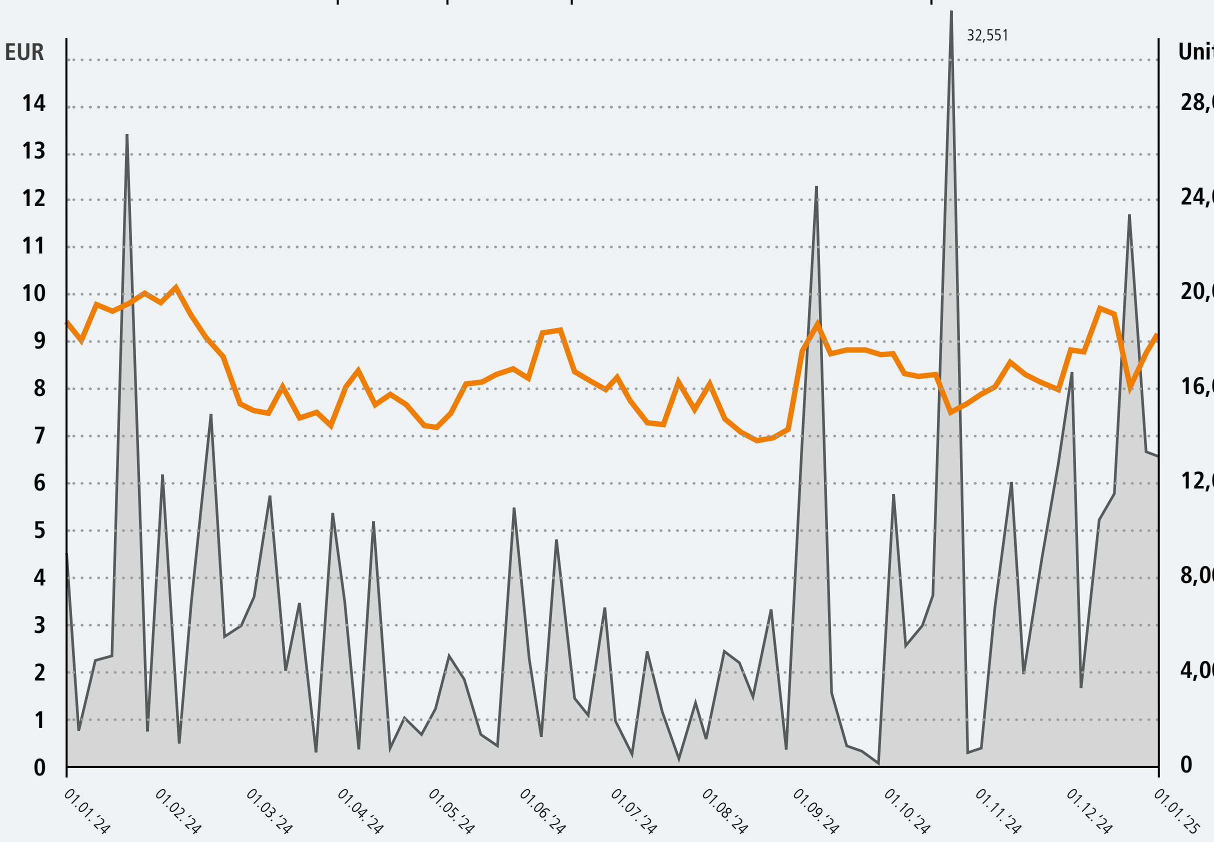
After the announcement of the preliminary consolidated annual results at the end of March 2025, the valuations and price targets of analyst firms Quirin Bank and SMC Research were EUR 14.00 and EUR 14.60 respectively. Both analysts rated the share 'buy'. Investor relations work in the year under review focused in particular on discussions with investors and analysts on business operations and profitability, on the development of the geothermal market in Germany and Europe and the technology for acquiring geothermal energy. The Daldrup & Söhne AG Management Board participated in the autumn conference and the equity capital forum by Deutsche Börse AG in Frankfurt.

DALDRUP & SÖHNE AG – indexed performance of the Daldrup share, Scale30



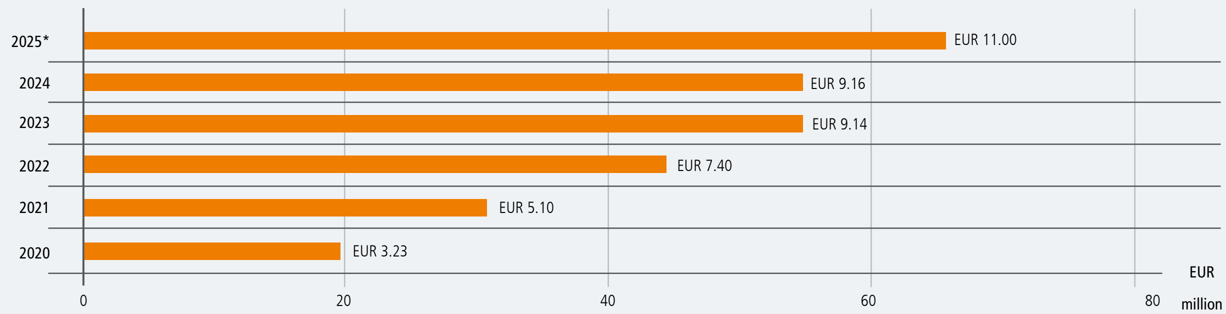
Daldrup & Söhne AG indexed   Scale30 indexed

DALDRUP & SÖHNE AG – Indexed price development Daldrup & Söhne AG versus Scale30 2024 to April 2025



Daldrup & Söhne AG share price   Unit sales of all German regional stock exchanges and trading platforms

MARKET CAPITALISATION 2020 – 2025*

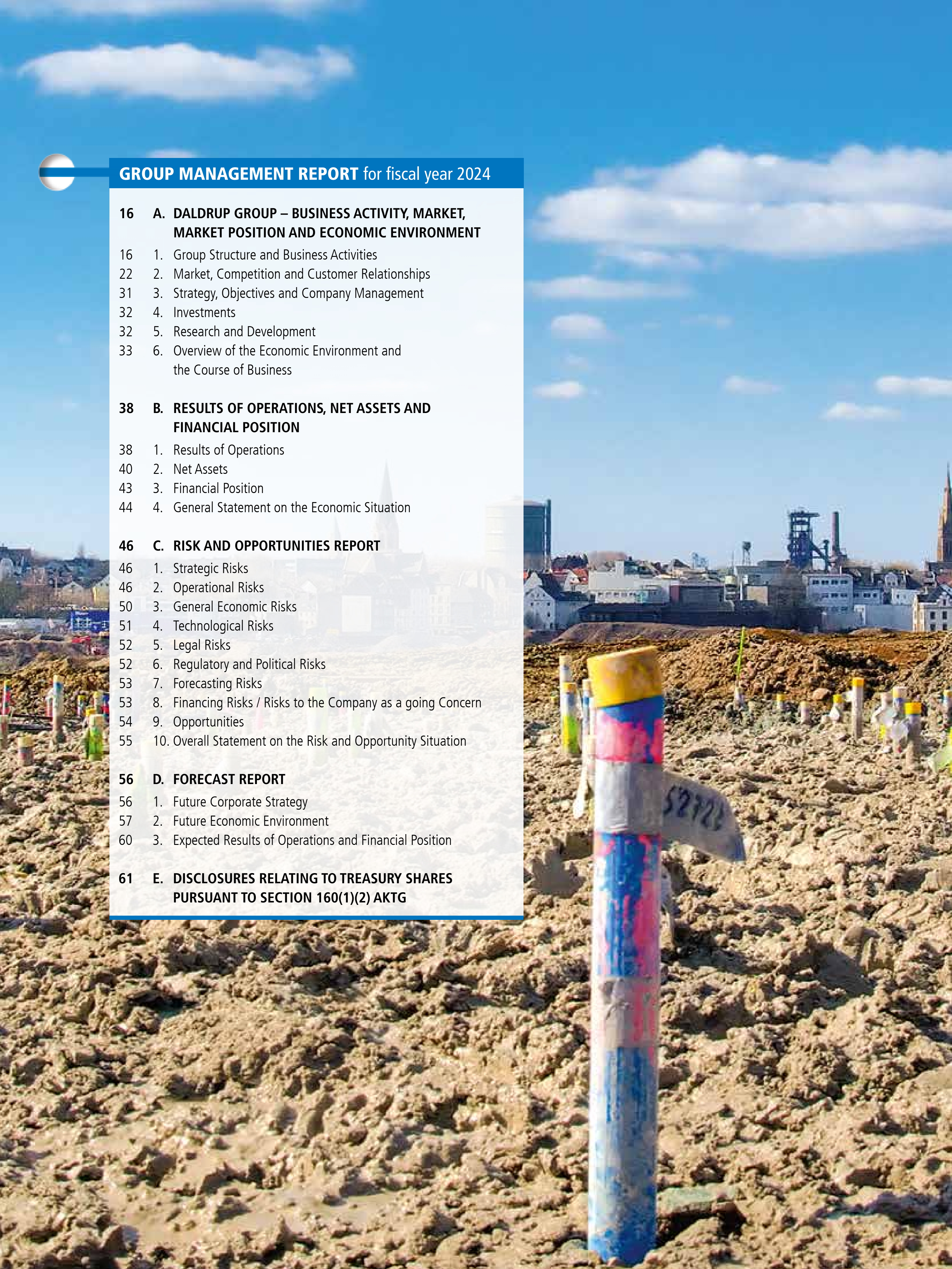


Development of the market capitalisation of the Daldrup & Söhne AG share at the XETRA closing price;
2025*: XETRA closing price as at 5 May 2025

SHARE PERFORMANCE DATA 2020 – 2024	2024	2023	2022	2021	2020
Share price* as at 30 December in EUR	9.16	9.14	7.40	5.10	3.23
Number of shares	5,989,500	5,989,500	5,989,500	5,989,500	5,989,500
Market capitalisation in EUR as at 30 December.	54,863,820	54,744,030	44,322,300	30,546,450	19,346,085
Highest price in EUR	10.25	14.55	8.64	5.92	3.80
Lowest price in EUR	6.90	6.72	4.32	3.29	1.95
Spread high vs. low in %	48.6 %	116.5 %	100.00 %	79.9 %	94.9 %
Annual average share price**	8.33	10.00	6.60	4.54	2.50
Average trading volume XETRA/trading day (rounded)	6,100	10,600	8,000	13,900	11,700
Average revenue per trading day in EUR on XETRA**	19,836	37,652	21,202	28,779	14,103
Earnings per share (EPS) in EUR	0.42	0.15	0.13	- 0.87	- 2.06
Price-earnings ratio* (P/E ratio)	21.8	60.9	56.9	-	-
Price-to-cash flow* (P/CF)	4.5	15.8	10.1	- 73.8	12.0

*based on XETRA closing price as at 30 December
**Source: Bloomberg, Pareto Securities AS

GROUP MANAGEMENT REPORT for fiscal year 2024



GROUP INCOME STATEMENT
FOR FISCAL YEAR FROM
1 JANUARY TO 31 DECEMBER 2024
OF DALDRUP & SÖHNE AG, OBERHACHING

A. DALDRUP GROUP – BUSINESS ACTIVITY, MARKET, MARKET POSITION AND ECONOMIC ENVIRONMENT

1. GROUP STRUCTURE AND BUSINESS ACTIVITIES

Daldrup & Söhne AG is a sought-after and leading provider of drilling services in Central Europe. The parent company of the Daldrup Group accounts for around 96 % of the Group's total output. The group is active in the business areas of renewable energies, drinking water, raw materials and exploration. The Daldrup Group thus operates in business segments that are highly relevant for the prevailing livelihoods and future generations.

The Group's business model is being positively supported within the setting of the energy transition and security of supply by specific EU and national government requirements imposed to reduce greenhouse gas emissions and tap regional resources. The replacement of fossil primary energy sources is also becoming even more urgent due to the geopolitical developments and their effects, in particular for non-fossil alternatives for heat generation. Our drilling expertise in the Natural Resources & Exploration and EDS (Environment, Development, Service) segments is also experiencing growing demand from the public and private sectors, including for the rehabilitation of old mines, the exploration of raw materials and for infrastructure projects. Moreover, the state-driven search for suitable repositories for the disposal of nuclear waste is evolving into an interesting line of business. Daldrup & Söhne has already gained extensive experience and renowned references for these applications, including in Switzerland and Germany.

Daldrup & Söhne AG's market position as a drilling services company and geothermal energy specialist is consolidated in all business areas in the relevant target markets. The Daldrup Group is still moving in a generally attractive environment characterised by high levels of demand. Within the framework of these geothermal energy projects, the company combines its drilling equipment, skilled drilling crew, drilling know-how and project management expertise to provide fundamental service elements for the exploitation of geothermal energy in heat and power projects. This also applies to our drilling expertise in the business segments of Raw Materials & Exploration, EDS and Water Extraction. The group seeks minority investments in geothermal heat or electricity power plants, only in individual cases, as long as they correspond to Daldrup Group's medium-sized orientation and size.

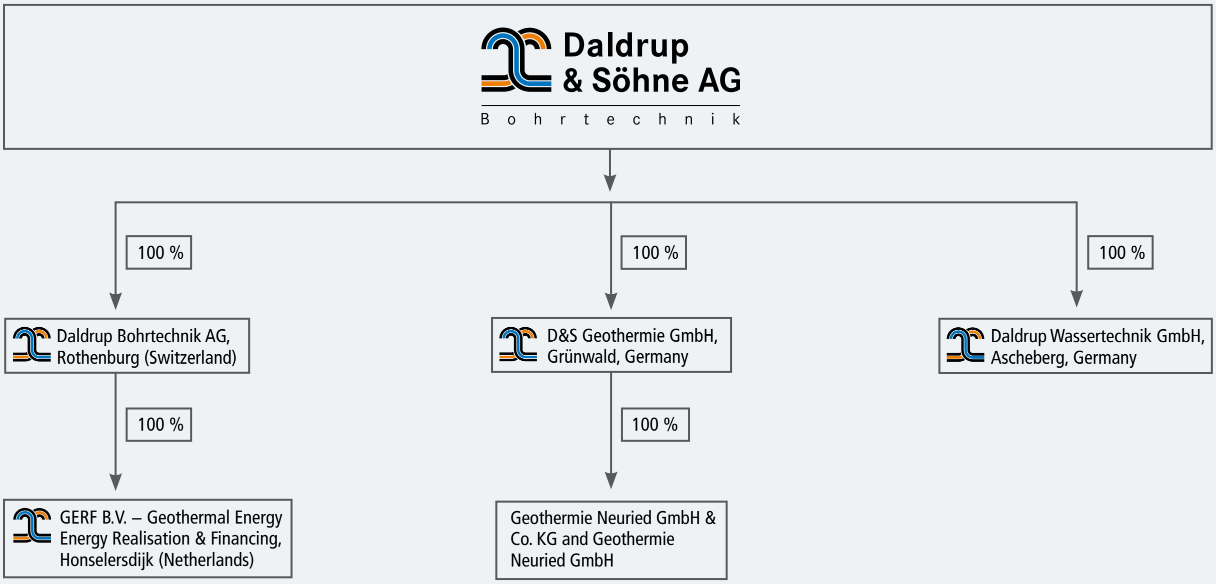
PROVIDER OF DRILLING SERVICES

Daldrup & Söhne AG
Bohrtechnik

Daldrup provides numerous customers from industry, suppliers, municipal / government bodies and private customers with comprehensive drilling and environmental services.

Geothermal energy Deep | Medium-depth | Shallow	Water procurement	Raw Materials & Exploration	EDS

GROUP STRUCTURE AS AT 31 DECEMBER 2024




Daldrup

GEOTHERMAL ENERGY: A RENEWABLE, INEXHAUSTIBLE ENERGY SOURCE

In the business area of geothermal energy, drilling services are provided both for near-surface geothermal energy (drilling depths of up to 400 metres), medium-depth geothermal energy, and deep geothermal energy (drilling depths of up to 6,000 metres), to make the geothermal energy accessible for electricity and / or heat generation through drilling. As the smallest component of renewable energies in the overall energy mix to date, this business area has in electricity, but also especially in heat generation, an intact capacity path with very good growth prospects in our opinion.

The focus of Daldrup & Söhne AG's domestic activity is still on the geological key regions for geothermal energy development: in the Bavarian Molasse basin around the city of Munich, at the Upper Rhine Rift and in the North German lowlands. In Europe, activities in fiscal year 2024 are still mainly concentrated on Germany and Switzerland. In general, Daldrup & Söhne AG orients its activities in Central Europe by locations with geothermal potential and corresponding market potential for electricity and heat. In addition to the DACH region (Germany, Austria, and Switzerland), this includes the Benelux countries and prospectively Italy.

The economic potential of geothermal energy for heating and cooling are of particular interest for the housing industry, both in new construction projects and as part of energy-related refurbishment projects, local and district heating supply as well as commercial applications of heat utilisation such as through aquifer storage, in greenhouses, for fish farms, drying processes, etc. Heating-led usage is particularly attractive at storage facilities with thermal water temperatures below 110 °C, which generally require drilling depths of 1,000 to 3,000 metres. During the last few years, the German regulatory framework to promote the use of heat from renewable energy sources has also continued to be extended and improved. Neighbouring countries, such as the Netherlands or Switzerland, are pursuing similar paths in order to decrease existing dependencies on fossil fuels and to reduce greenhouse gas emissions (GHG emissions).

Deep drilling to a depth of 6,000 metres always places great demands on advance planning and, during the drilling phase, on the employees, the technology and the suppliers. Daldrup has drilled much more than 50 such boreholes for deep geothermal projects. All in all, Daldrup & Söhne AG has successfully drilled more than 10,000 wells in various geological formations during the course of the Company's history. The Geothermal Energy business unit's share of total output generated by Daldrup & Söhne AG in 2024 reached 44 % (previous year: 53 %).

Deep and medium-depth geothermal energy

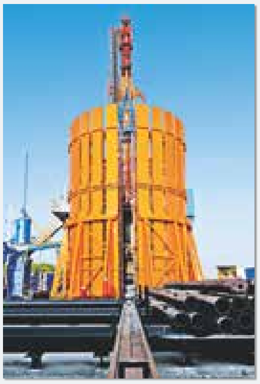
1 Bentec 350-t-AC for deep wells up to 6,000 m

4 plants for drilling depths of between 2,000 m and 4,000 m

8 plants for drilling depths of 400 m to 2,000 m

Shallow geothermal energy

27 drilling rigs up to max. 400 m drilling depth or for special wells



EXPLORATION RISK PROTECTION – ALTERNATIVE RISK TRANSFER CONCEPT OF THE DALDRUP GROUP / INITIATIVE OF THE BMWK

Alongside reputable partners from the insurance industry, Daldrup & Söhne AG has developed a concept years ago to secure deposit discovery risks when drawing up deep geothermal energy projects, which has since been successfully implemented several times. This hedging concept, which is exclusively available to Daldrup & Söhne AG customers, often makes geothermal drilling and energy projects possible for medium-sized customers, as the hedging concept can be used to support the financing of geothermal projects with a high proportion of debt capital from banks. This means that geothermal drilling operations can be financed by banks right from the start for project developers and investors. Daldrup acts neither as a financier nor as an insurer in this context. The exploration risks are borne by third parties. The ART Concept is a key tool for acquiring customers and projects in Central Europe. Daldrup welcomes the initiative launched by the German Federal Ministry for Economic Affairs and Energy (Bundeswirtschaftsministerium, BMWK) in spring 2024 to hedge exploration risks. A state-sponsored insurance solution for deep geothermal drilling is expected to be established under the leadership of the KfW (German government-owned development bank). Such a state-backed insurance solution would remove a major hurdle for municipal and private clients of deep geothermal projects and promote rapid development of domestic geothermal energy.

RAW MATERIALS & EXPLORATION

In the Raw Materials & Exploration business area, the aforementioned drilling projects of Daldrup & Söhne AG serve exploratory purposes and to expose depositories, mainly of mineral raw materials and ores. Another major area comprises activities in respect of the exploration and securing of the substratum in mining areas or in road, bridge, tunnel and civil engineering.

Examples for this business segment in fiscal year 2024 included gas relief wells in the Ruhr region. The share of the Daldrup & Söhne AG revenue generated in 2024 by this business unit amounted to 46 % (previous year: 42 %).

WATER PROCUREMENT

The Water Procurement business unit represents the entrepreneurial origins of Daldrup & Söhne AG. It includes drilling wells to obtain drinking water, process water, thermal and mineral water, boiler feedwater and cooling water as well as thermal brine. Alongside the actual drilling, Water Procurement also uses specialised expertise: from stainless steel piping supplying drinking and mineral water to the professional development of well systems, right through to the installation of modern filtration and pump systems. In the reporting period, the Water Extraction business unit represented 2 % (previous year: 2 %) of the revenue generated by Daldrup & Söhne AG.

ENVIRONMENT, DEVELOPMENT, SERVICE

The business area of Environment, Development, Service (EDS) includes special environmental technology services such as hydraulic decontamination of contaminated sites, the erection of gas extraction wells to extract landfill gas, the creation of groundwater quality measuring sites or the erection of water treatment plants. The EDS business area contributed a share of 8 % to Daldrup & Söhne AG's revenue in fiscal year 2024 (previous year: 3 %).

EMPLOYEE BASE EXPANDED

The experience derived from the four business units enhances and ensures refinement of the company's drilling expertise on a daily basis. However, the growth path of Daldrup & Söhne AG is also dependent on maintaining a sufficient amount of well-trained, agile employees. We are striving to recruit qualified drilling personnel across Europe for the drilling teams through targeted acquisition measures. With an attractive work environment and incentives, we manage to attract and retain key employees. Overall, the situation on the skilled labour market has eased somewhat, but a latent shortage remains likely for the foreseeable future. An average of 152 employees were employed within the Daldrup Group in 2024 (previous year: 139). Depending on the project, whenever additional employees may be needed, they are made available to Daldrup & Söhne AG and its subsidiaries flexibly and upon request by external personnel service providers.

2. MARKET, COMPETITION AND CUSTOMER RELATIONSHIPS

GEOTHERMAL ENERGY IS INEXHAUSTIBLE

Geothermal energy is the heat energy stored under the Earth's solid crust. It generally increases with increased drilling depth. This 'geothermal gradient' is 3 °C per 100 metres in Germany on average. Geologists estimate that temperatures in the Earth's core reach 5,000 °C to 7,000 °C. This heat stored in the Earth is inexhaustible by human standards, as a constant stream of energy rises to the surface from our planet's core, a process known as the 'terrestrial heat flow'. As a result, geothermal energy is a regenerative energy source.

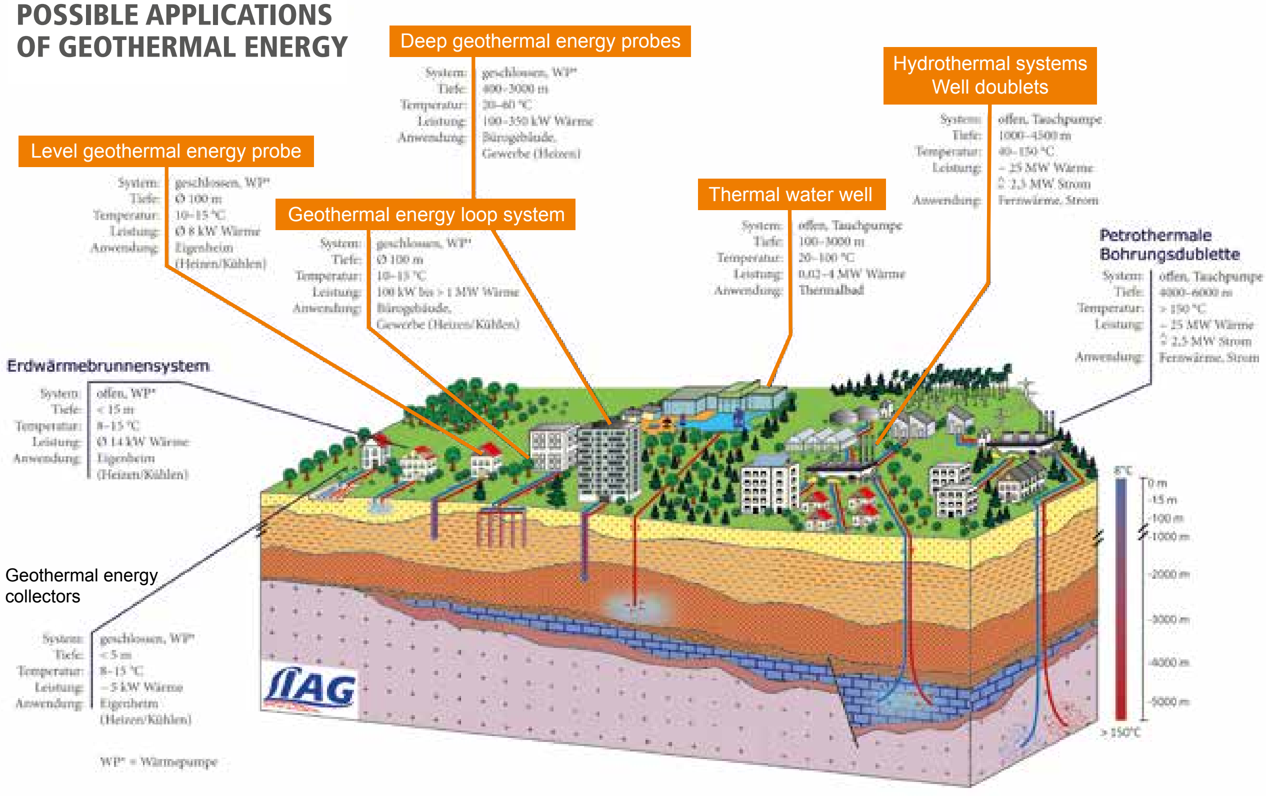
The depth range between 400 metres and 1,500 metres with temperatures between 20 °C and 60 °C is referred to as medium-depth geothermal energy. This range is particularly of interest for energy storage. Temperatures of at least 60 °C (i.e. from depths of 1,000 metres to 1,500 metres) make it particularly feasible to use geothermal heat directly, even without increasing the temperature (using heat pumps, heat transformation), especially for local and district heating supply.

Deep geothermal energy extraction generally provides energy via a process called 'fluid delivery'. A thermal water cycle is generally realised using a geothermal doublet created using deep drilled holes, consisting of a delivery drilled hole and an injection drilled hole. The thermal water cycle is driven by a feed pump. In addition to heat, electricity can be produced by a thermal power plant, which may operate in parallel, with deep geothermal energy from a temperature level of approx. 120 °C. In contrast to the fluctuating availability of wind and solar energy, geothermal energy can be extracted on a continuous and regulated basis, and is therefore base load capable and independent of daily and annual variation.

In Germany and Switzerland, the markets have different levels of maturity and competitive structures depending on the geothermal depth and development system. Shallow geothermal energy is a developed market, with Germany and Switzerland leading the world. Medium-depth geothermal energy is a growing market, and the expertise of potential clients from local authorities and industry is currently being developed with the support of specialised engineering firms and drilling companies. Deep geothermal energy is in a late pilot phase, and closed loop systems with deep closed heating circuits are in a research and development phase with a first demonstration project in Europe in Geretsried, Germany.

The advantages of geothermal energy are
- the environmentally friendly, low-carbon production of electricity and heat
- readily calculable fixed and variable costs of plants, even in the long term
- the availability as a high-volume base load,
- energy provision at the point of consumption (decentralised)
- and landscape-friendly and environmentally friendly development, as well as
- independence from (imported) raw materials and their fluctuation risks in price and availability.

POSSIBLE APPLICATIONS OF GEOTHERMAL ENERGY



Daldrup & Söhne AG provides its customers with these usage options for geothermal energy in the form of tailor-made solutions. There are numerous reference projects.

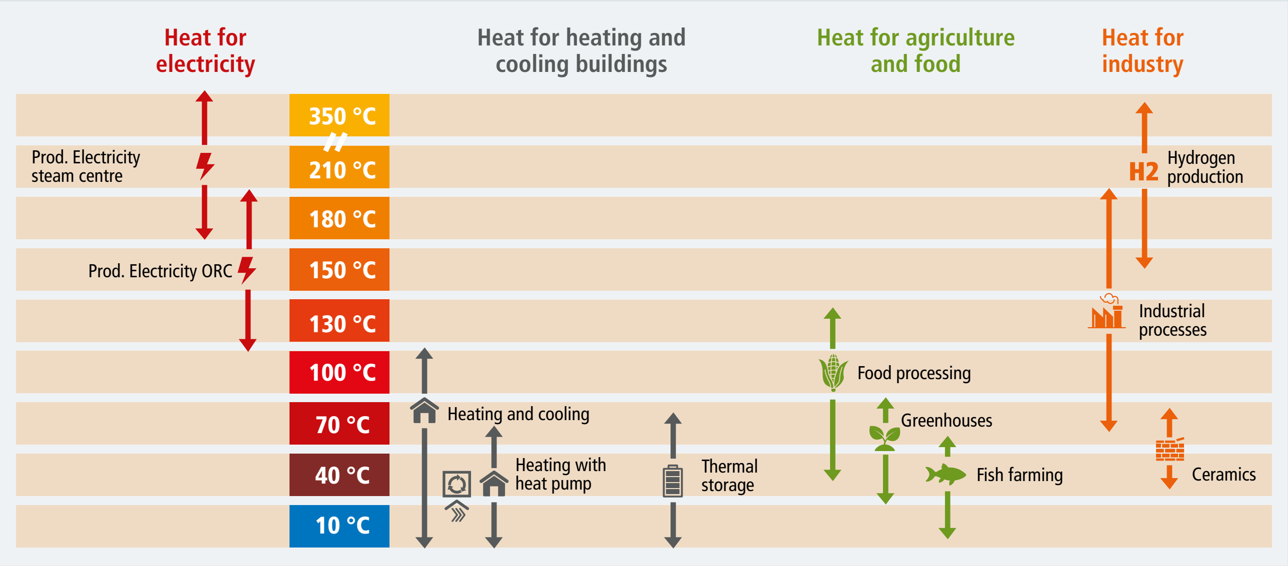
Source: Leibniz Institute for Applied Geophysics, The Heating Transition with Geothermal Energy (Wärmewende mit Geothermie), June 2019

Overall, geothermal energy in Europe is a niche market with good prospects. In Germany, according to information from the German Geothermal Association (BVG), deep geothermal power plants produced 55 MW in early 2025 (previous year: 46 MW). There are 42 (previous year: 43) mostly hydrothermal deep geothermal power plants in operation. Along with their electrical output, they produce a thermal output of 408 MW (previous year: 407 MW). The average depth is about 2,500 metres.

Unlike deep geothermal energy, near-surface geothermal energy has already achieved greater market penetration. The BVG estimates that over 480,000 plants (previous year: around 470,000) (e.g. in the form of geothermal energy probes or collectors in connection with heat pumps) are in operation, providing around 4,800 MW (previous year: 4,700 MW).

The usable energy reserve, which can be tapped using today's deep drilling technology, is estimated to be around 30 times greater than all fossil reserves (coal, gas and oil) worldwide. Overall, geothermal energy use has significant potential which could in theory cover Germany's energy needs many times over. Currently, power generation by means of deep geothermal energy is even more expensive than comparable renewable energy sources. The production of geothermal heat, by contrast, is already economically viable and attractive without subsidies for local and district heating supply and for heating building complexes or industrial districts on a broad scale.

The geothermal heat extracted can be used to provide reliable heating for residential buildings, district heating supply networks, public buildings or process heat for industry and commerce over a large part of the year (more than 8,000 hours = >90 %). The different possible applications depending on the temperature are shown in the figure below. Depending on the utilisation, the initial temperature can be increased or cooled with heat pumps. According to a study by the Fraunhofer Institute and the Helmholtz Association, the BVG believes that deep geothermal energy could meet more than one quarter of the annual German heat requirement (over 300 TWh).



Source: https://geothermie-schweiz.ch/wp_live/wp-content/uploads/2024/05/Geothermie-Schweiz_Jahresbericht_2023_DE_web.pdf

From a financial point of view, pure heating projects are largely local and / or district heating projects, because the investment costs for drilling operations and plant technology (heating plant) are relatively low due to the lower drilling depth, in contrast to electrical energy from geothermal energy. The district and local heating systems, which already exist in many places, lie mostly in the hands of municipalities or large infrastructure companies. The potential both for expanded use of geothermal energy to supply heat and for reduction of greenhouse gas emissions is enormous. According to the German Federal Environment Agency, geothermal plants saved 6.3 million tonnes of CO_2 in 2024, which corresponds to 2.4 % of avoided GHG emissions through the use of renewable energies.

AMBITIOUS TARGETS FOR CLIMATE ACTION – DECARBONISATION MEASURES ARE INCREASINGLY GUIDING ECONOMIC ACTION

Germany and the EU have committed to ambitious climate targets. In order to contribute to achieving the Paris Agreement target of keeping the increase in global temperature to well below 2 °C, the German government presented amended climate protection requirements in 2023 and confirmed the goal of greenhouse gas neutrality by 2045. As early as by 2030, emissions should decrease by 65 % compared to 1990. At the EU level, the European Climate Law finalised the goal of achieving a carbon-neutral EU by 2050 within the framework of the Green Deal.

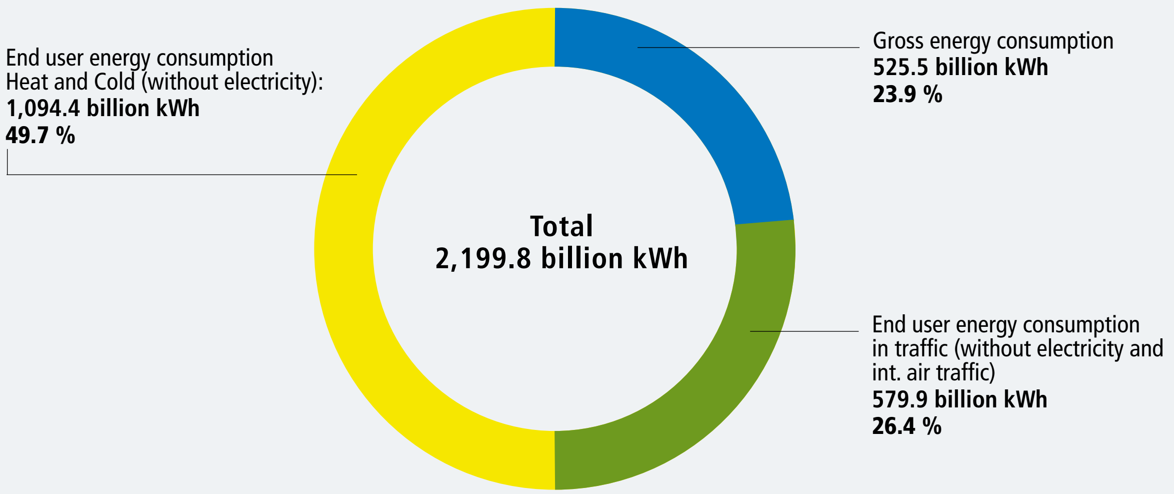
The expansion of geothermal heating networks represents one option, which can be implemented more quickly than the energy renovation of old buildings and the achievement of new buildings, whereby lower heating use is achieved by greater energy efficiency. Daldrup & Söhne AG is regularly involved in such heating projects with its drilling services, for example for the municipal utilities of Munich, Schwerin and Neuruppin.

GEOTHERMAL ENERGY IS FIRST CHOICE FOR THE HEATING BASE LOAD

Without a heating transition, that is an increase in renewable energy sources in the heating sector, the energy transition will remain incomplete. This is because the proportion of heat and cold in overall energy consumption in Germany in 2023 was 49.7% (more recent calculations are not available) whilst gross electricity usage only accounted for 23.9 %.

ENERGY USE IN GERMANY IN 2023 BY ELECTRICITY, HEATING AND TRANSPORTATION

The electricity consumption for heating, cooling and traffic is included in the gross electricity consumption.

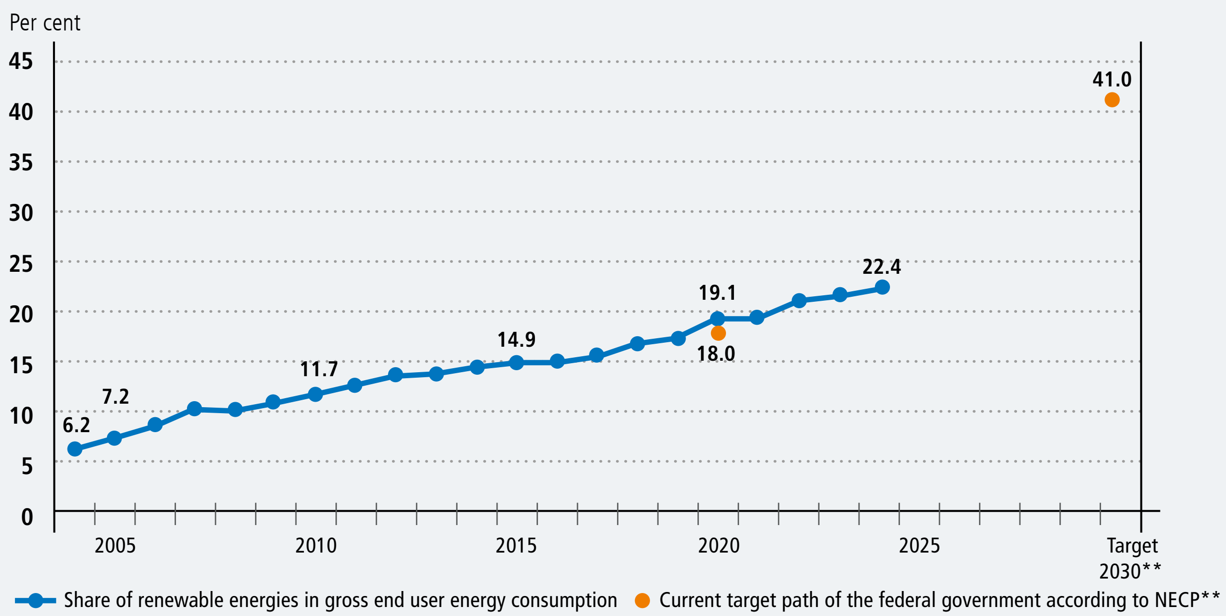


Sources: German Federal Environment Agency, Arbeitsgemeinschaft Energiebilanzen e.V., as at 2/2024

Therefore, around twice as much energy is required for heat generation as for electricity. This consumption structure is predominant in Central Europe. Decarbonising heating and cooling production is the biggest challenge of the energy transition for the community of nations. This is especially significant, since, broken down by the type of use of gross end user energy consumption, the values in 2024 for use for heating/cooling at 18.1 % (previous year: 18.0 %) are still significantly below the overall share of renewable energies. Overall, the renewable share of gross end user energy consumption in 2024 is 22.4 % (previous year: 21.6 %), which is barely more than one-fifth of consumption. However, in order to achieve the new, more ambitious EU climate targets, a significantly higher pace of expansion of renewable energies will be necessary in the coming years. In 2030, renewable energy sources are expected to cover 41 % of gross end user energy consumption in Germany.

The development in recent years can be seen in the graph 'Renewable energies for heating and cooling' and 'Share of renewable energies in gross end user energy consumption'.

SHARE OF RENEWABLE ENERGIES IN GROSS END USER ENERGY CONSUMPTION



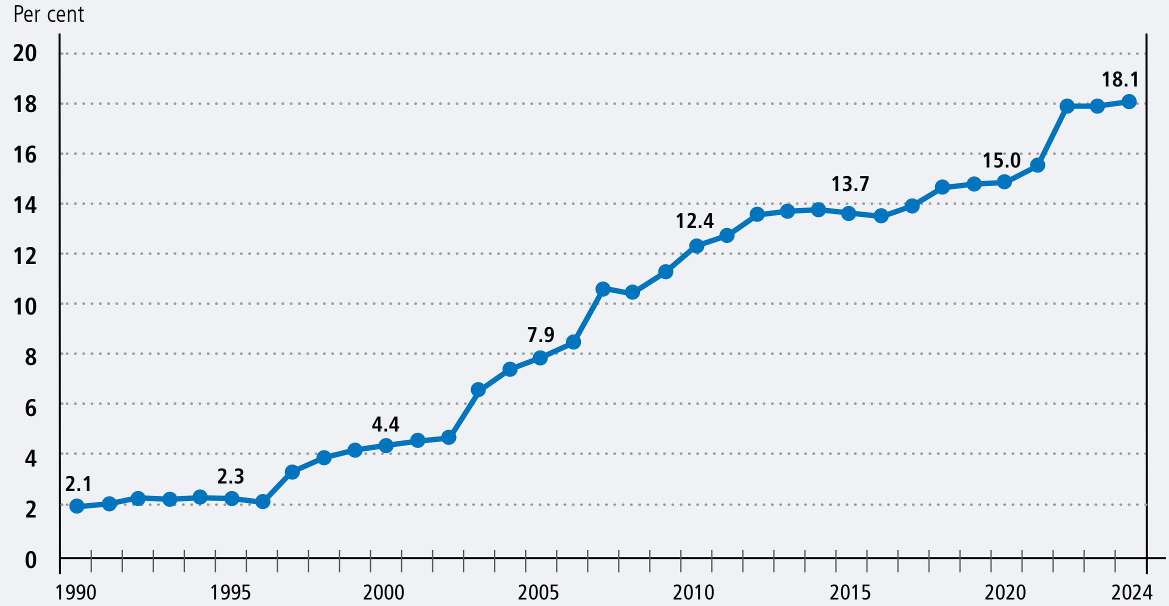
*Share of gross end user energy consumption calculated according to calculation rules pursuant to EU Directive 2009/28/EC (RED I) and from 2021 onward pursuant to EU Directive (EU) 2018/2001 (RED II)

**Target value for 2020 pursuant to the Renewable Energy Directive (RED I), target value for 2030 pursuant to the National Energy and Climate Protection Plan (NECP), August 2024

Source: www.umweltbundesamt.de/daten/energie/energieverbrauch-nach-energietraegern-sektoren#anteil-erneuerbarer-energien-am-gesamten-bruttoendenergieverbrauch

RENEWABLE ENERGIES FOR HEATING AND AIR CONDITIONING

Share of renewable sources in total end user energy consumption for heating and cooling (including district heating)



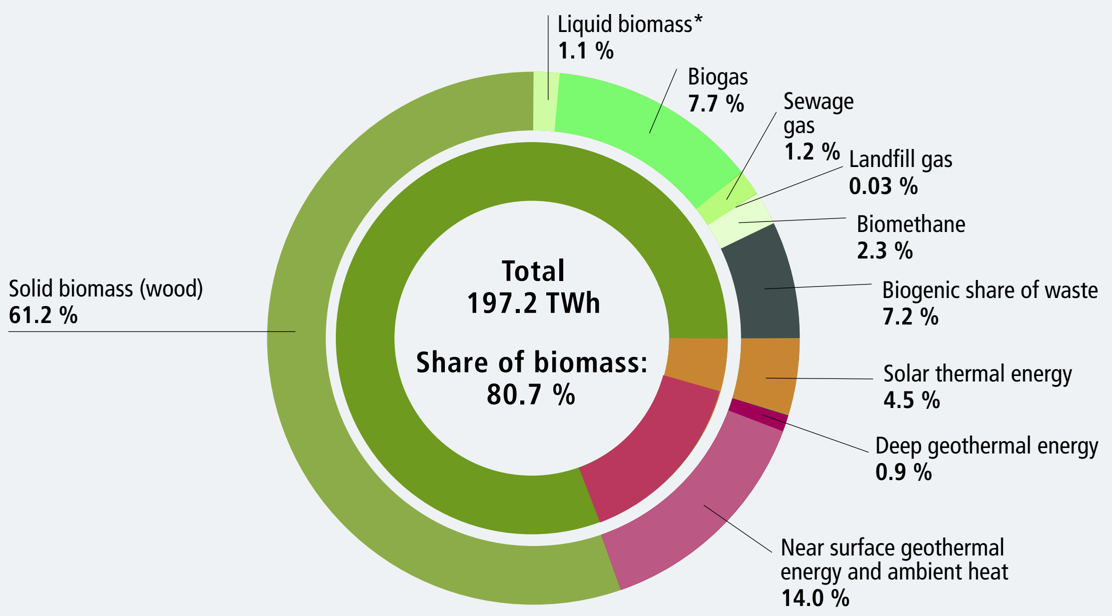
Source: https://www.umweltbundesamt.de/daten/energie/energieverbrauch-fuer-fossile-erneuerbare-waerme, cited on 15 May 2025

The energy sources making up the latter are shown in the figure 'Renewable energy for heating and cooling 2024'. In contrast to electricity production from geothermal energy (2023: 0.2 billion kWh, corresponding to about 0.1 % of the amount of electricity generated from renewable sources), the provision of heat from environmental heat and geothermal energy gained in importance again in 2024 and, at 27.5 billion kWh, was 15 % above the level of the previous year (23.9 billion kWh). Overall, about 15 % of renewable heat is generated from geothermal and environmental heat. In 2000, the share was still less than 4 %. In electricity consumption, the share of renewable energy in 2024 was 54.4 % (previous year: 52.9 %) after nearly a quarter of a century under the Renewable Energy Sources Act.

GEOTHERMAL ENERGY IS ONE OF THE MOST CLIMATE-FRIENDLY AND ENVIRONMENTALLY FRIENDLY TECHNOLOGIES
Up to now, renewable heating has been mostly generated in Germany from wood, biogenic waste and biogas. Just like the burning of fossil fuels, this generates both emissions that are harmful to health, mainly particulates and nitrogen oxide, as well as greenhouse gas emissions.

RENEWABLE ENERGY SOURCES FOR HEATING AND COOLING IN 2024

End user energy consumption from renewable energy sources for heating and cooling (including District heating)



*incl. biodiesel consumption for agriculture and forestry, construction and military

Source: https://www.umweltbundesamt.de/daten/energie/energieverbrauch-fuer-fossile-erneuerbare-waerme

An expansion of the use of these input fuels is unlikely, owing as well to the large areas of land required and competition over land use. Solar thermal energy cannot be used to supply the basic thermal load all year round due to the weather-related dependency involved. We have shown here several times that geothermal energy is one of the most climate and environmentally friendly technologies for heat supply with potential for expansion.

Fossil fuels, such as coal, oil and natural gas, can be substituted by geothermal energy in many areas of the heat generation process. Examples include the cities of Munich, Hamburg and Schwerin, which want to achieve climate neutrality between 2035 and 2050. They are also planning to cover the demand for heat from renewable energies by tapping into geothermal potential due to the favourable geological underground conditions.

THE FUNDING FRAMEWORK IS BEING EXPANDED AND MADE MORE ATTRACTIVE

The comprehensive programme of measures in the Climate Protection Programme 2030 creates incentives to reduce greenhouse gas emissions. The individual measures are being implemented step by step with laws and funding programmes focusing on the building sector, among others. In addition to the Renewable Energy Sources Act (EEG), this includes funding for the production of deep geothermal systems to generate electricity and/or heat, among other things through the German Building Energy Act (GEG), the Federal Promotion of Efficient Buildings (BEG) and the Federal Fund for Efficient Heating Networks (BEW) in addition to financial support from KfW. Further programmes within the framework of the Renewable Energy Directive (RED II) of the European Commission aim to fund renewable energy as a key to the accelerated decarbonisation of the energy system. Research funding also plays an important part in the deep geothermal energy sector. For additional information on this, please refer to chapter 5, "Research and Development".

DRILLING FOR INFRASTRUCTURE AND RAW MATERIALS PROJECTS MAKES A SIGNIFICANT CONTRIBUTION TO CAPACITY UTILISATION

The Natural Resources & Exploration and EDS divisions are well positioned with several reference projects and well-developed customer relationships for infrastructure and raw materials projects. As in the previous year, these divisions made a significant contribution to capacity utilisation and sales in the reporting year. For 2024, drilling projects for Schweizer Salinen AG in Switzerland and for Kali + Salz AG in Germany are particularly noteworthy. Another long-standing customer is Ruhrkohle AG, for whom we are drilling level boreholes and mine gas relief wells in the Ruhr region as part of post-mining rehabilitation.

THE HIGHLY COMPETITIVE GEOTHERMAL ENERGY MARKET

On the supply side, the geothermal market is characterised by the limited availability of qualified drilling capacities from companies with sufficient experience in the drilling of geothermal wells. This includes the technical drilling capacities and the trained drilling teams. Therefore, the expansion options for geothermal exploitation of aquifers are limited, at least in the short to medium term. The limited number of drilling rights in Germany also limits the market. This results in stable drilling prices and sometimes intense competition. The competition in deep geothermal drilling is mostly characterised by medium-sized company structures and nationally defined focus points for activity. Along with the few specialised geothermal drilling companies, other drilling companies that are primarily active in the oil and gas industry also sometimes participate in tenders for geothermal energy projects. However, in times of high oil prices, this competition is not active on the market.

Market access is characterised by high technical, financial and increasingly official and administrative barriers to market access. Daldrup confronts this competitive environment with its long years of know-how, market-ready prices, experienced drilling teams and high-quality service for planning and execution of the projects it is entrusted with by customers.
The strong competitive position of renowned brand Daldrup & Söhne AG is derived from:

- decades of experience in deep geothermal operations with much more than 50 reference projects,
- successful activity in several Central European countries (Benelux, Switzerland, Austria, Germany) with subsidiaries in Switzerland and the Netherlands,
- an extensive array of drilling devices, including four plants with drilling depths of between 2,500 metres and 6,000 metres,
- experienced drilling teams and professional project management.

Good relationships with our customer network in the corporate and municipal segments have been in place for decades. Like last year, in the last twelve months we have built up relationships to new customers from the aforementioned industries, as well as investors for larger geothermal projects.

Business with private and commercial customers has increased further in 2024. In the opinion of the Daldrup & Söhne AG Management Board, an expanded government funding framework, local energy initiatives in a predominantly urban environment, and the already subsidy-free operation of heat generation plants, as well as sophisticated exploratory drilling, mark a fundamentally intact industry environment on the demand side for the Daldrup Group. Daldrup already recorded a significant rise in interest in the development of geothermal energy as part of municipal heat planning in the reporting year. This is also reflected in the drastically higher volume of contracts currently being tendered (relevant, processed market volume assessed with probabilities of occurrence) compared to previous years. Moreover, the stock exchange listing of Daldrup & Söhne AG ensures a high degree of transparency and continuity in reporting for our customers, suppliers, financial institutions and shareholders.

3. STRATEGY, OBJECTIVES AND CORPORATE MANAGEMENT

The purpose of Daldrup & Söhne AG as the parent company of the Daldrup Group particularly involves the planning and drilling of boreholes for the aforementioned business segments as well as providing support for our customers in their sometimes demanding drilling and project plans. Considering the energy and geopolitical situation and structurally significantly higher prices for fossil fuels, the company sees high market potential overall. Therefore, the company intends to expand its leading market position in Germany and Europe as an experienced drilling technology and geothermal specialist. In the market environment described above, the company intends to continue to grow organically. With that in mind, it is conceivable that the company might collaborate with competitors or take them over.

Sometimes complex and highly demanding customer orders at great depths require a high level of technical expertise and special equipment. Daldrup & Söhne AG maintains an extensive fleet of drilling equipment for this purpose, which was expanded and upgraded in fiscal year 2024. Another important cornerstone of our performance is the drilling teams we employ and the support provided by external specialists and workers. Despite the existing latent shortage of skilled labour, Daldrup succeeded in expanding the number of employees in line with the number of drilling rigs. We see our gradual attraction of younger, well-trained employees and specialists as a sign that our business model and company are appealing.

In addition to the characteristic drilling project business, the company is continuously examining opportunities to invest as a minority shareholder in economically expedient geothermal heating projects with a regional, decentralised character. In particular, geothermal heating plants and medium-sized power plants in countries with a stable economic and political environment could be considered for such endeavours. More consistent income from the sale of heat and electricity could supplement the more volatile income from the project-driven drilling business in a targeted manner and thus generally balance it.

The continued advancement of the Group requires frequent adjustments to the strategy process in terms of sales, project organisation and finance. In particular, the key financial and earnings performance indicators of Daldrup & Söhne AG improved in fiscal year 2024. Daldrup & Söhne AG also rolled out the Management Information System project and completed a project for digital, location-based time and cost recording and order planning.

4. LONG-TERM EQUITY INVESTMENTS

The holdings are operating in the regions of Switzerland and Austria as well as Benelux. They scour the regional markets and sometimes run the operational drilling business in the aforementioned regions. Beyond this, it is conceivable that the group will engage in strategic collaborations to target market niches.

As at 31 December 2024, the Daldrup Group included the following direct and indirect, operationally active, significant group companies:

Daldrup Bohrtechnik AG, 6023 Rothenburg (Switzerland)
Daldrup Bohrtechnik AG is developing market potential in an interesting Swiss market. Our market exploration is particularly focussed on the Swiss market, which is interesting for us and. In this market, we have business relationships and contacts with important customers, some of which go back many years. In addition to wells for the exploration of geothermal energy, special and exploratory wells, for example, for brine production and depth storage discovery, are in high demand. The necessary drilling technology and qualified operators are provided, as needed, by Daldrup & Söhne AG.

GERF – Geothermal Energy Realisation and Financing B.V., 2675 BR Honselersdijk (Netherlands)
The use of geothermal energy as a resource-conserving energy source is being well received by large greenhouse operators (vegetables, flowers, plants) in the Netherlands. The Dutch Ministry of Economics and the regional provinces are supporting this development through a programme of subsidies for investment in self-sustaining geothermal heating plants. Therefore, Daldrup has been represented with this office in the Netherlands since 2011.

Daldrup Wassertechnik GmbH, 59387 Ascheberg
During the fiscal year, Daldrup & Söhne AG continued to consider outsourcing business activities regarding Water Procurement to Daldrup Wassertechnik GmbH. Plans regarding this are currently on hold.

D&S Geothermie GmbH, 82031 Grünwald
After the disposal of the Geysir subgroup in 2019/2020, the company is prepared to assume the function of an intermediate holding company for project companies with medium-sized geothermal projects.

5. RESEARCH AND DEVELOPMENT

Daldrup & Söhne AG continues to regard itself as a technological pioneer in deep geothermal energy and also intends to take up the technical challenges presented by petrothermal geothermal energy and the enhanced geothermal systems in the future. According to information from the German Geothermal Association, the use of heating and cooling should be expanded in the future, and seasonal heat reservoirs deployed. Research projects are primarily intended to contribute to promoting innovative approaches, reducing risks and costs, creating storage options and increasing the recognition and acceptance of this form of renewable energy. The German government's energy research programme, the Renewable Energies Act (EEG), The Building Energy Act (GEG), the Federal Fund for Efficient Buildings (BEG) and the Federal Fund for Efficient Heating Networks (BEW) form the political framework for this.

The further development of the technology field of geothermal energy is not limited to the national market, but rather offers a broad field of action in the international context as well. Generally speaking, there are three types of heat extraction from underground in the area of deep geothermal energy:

• Deep geothermal energy probes
Closed circuit within a U tube or a coaxial probe with a circulating heat transfer medium (e.g. geothermal energy project for electricity plants for the city of Zurich, Switzerland, in the Triemli District).

• Hydrothermal systems
Closed circuit in which thermal water is pumped from production wells and fed back into natural aquifers via re-injection wells.

• Petrothermal systems
Cracks and fissures are created or expanded in the dry subsurface using hydraulic stimulation measures, through which artificially introduced or injected water can flow. While Daldrup has successfully executed the first two systems and taken the projects into operation on several occasions, there is no petrothermal geothermal energy project in regular operation in Europe.

6. OVERVIEW OF THE ECONOMIC ENVIRONMENT AND BUSINESS DEVELOPMENT

ECONOMISTS EXPECT ECONOMIC OUTPUT TO STAGNATE IN THE EUROZONE AND GERMANY

In the Kiel Economic Reports presented in early March 2025, the Kiel Institute for the World Economy (IfW Kiel) assumed slower growth of 3.1 % for the reporting year (previous year: 3.0 %). The main reason for this was a slower increase in production in the emerging markets, especially in China, while production in the advanced economies as a whole increased at a slightly different, moderate rate. A drastic increase in economic uncertainty triggered by the new US administration's announcements on customs policy and ongoing geopolitical tensions also had a dampening effect.

The IfW experts anticipate only weak economic momentum for the eurozone in the reporting year. This is reflected in numerous indicators, such as industrial production or business and consumer sentiment. Private consumer spending is likely to pick up thanks to rising real wages, and the expected easing of monetary policy will improve financing conditions. However, the continuing weakness in the manufacturing sector, the loss of fiscal stimuli and a variety of economic policy uncertainties are having a dampening effect. Worst of all are the risks to foreign trade due to possible tariffs in the United States. According to the IfW, the growth rate of gross domestic product (GDP) in the eurozone is likely to have increased only slightly by 0.8 % in 2024 (previous year: 0.5 %).

According to the IfW, the German economy has not been able to break out of stagnation – and there have hardly been any signs of a noticeable economic upturn. Instead, there are increasing signs that the economic weakness is primarily structural in nature and less cyclical, meaning that economic output does not have much room for improvement in the short term. Overall, the IfW report shows that considerable uncertainty about the direction of future economic policy is weighing on the German economy, which is inhibiting the willingness to invest and is weighing on consumer confidence. In light of these developments, the IfW has adjusted its annual forecast downwards compared to the autumn and expects the GDP to drop 0.2 % in the reporting year (previous year: - 0.3 %).

DEMAND FOR GEOTHERMAL PROJECTS ROBUST THROUGHOUT EUROPE

Despite the weak economic environment, the demand for projects using geothermal energy for electricity and heating supply was solid in Central Europe – in line with Daldrup Group's expectations in the last few quarters. In Germany, however, there was noticeable uncertainty and a reluctance of public and private clients to invest in H2 2024. The reason for this was the budget and government crisis in the federal government and the associated uncertainties regarding the future structure of the Climate and Transformation Fund (KTF), the government's primary instrument for financing the climate transition.

However, from the company's perspective, the key incentives remain in place to decarbonise the energy supply, particularly in the heating sector, and to significantly reduce Germany's and other EU countries' dependence on pipeline-based natural gas. Generally speaking, the existing incentives have two positive effects: Firstly, the demand for base-load-capable, climate-friendly energy sources of domestic origin such as geothermal energy is increasing significantly. Secondly, the profitability calculations of geothermal projects are improving with the structurally increased energy price level of fossil fuel for electricity and heat. Governments and the EU Commission are also making efforts to improve the funding conditions for geothermal energy by providing important incentives and secure framework conditions for municipalities and investors.

In conjunction with improved economic efficiency, we believe that the increasingly ambitious climate policy, which focuses on the significant reduction of greenhouse gas emissions and massive subsidy programmes, remains crucial in the long term for structural growth in the geothermal market. The EU aims to reduce greenhouse gases by at least 55 % below 1990 levels by 2030.

The companies in the Daldrup Group often operate within secure budgets. This is because the investment decisions for ongoing and pending drilling projects are made months or years earlier by our customers. Investment decisions in energy supply are also led by municipalities and private investors based on long-term considerations, and are often counted among public services.

MARTIN-DECKER CO
INDICATOR
FOR EIGHT
LINES USE
REVERSE SIDE
OF KILOGRAMS
WEIGHT ON BIT
THOUSAND KILOGRAMS
SIX LINES

In the reporting period, we continued the exploratory drilling for Schweizer Salinen AG in Switzerland based on a contract to drill point wells for salt extraction. In Germany, the MTU Aero Engines AG contract at the Munich site has been completed, as has drilling work for the Stadtwerke Neuruppin municipal utility. For the Bundesgesellschaft für Endlagerung mbH (BGE), we completed the contract to drill a shaft pilot bore, a complex high-tech drilling contract, for the Asse mine. Ruhrkohle AG (RAG) also commissioned us for several complex drilling projects for the construction of interception wells and level boreholes in the course of post-mining remediation, which we successfully completed. In shallow geothermal energy, sales contributions increasingly came from the construction of borehole fields for geothermal heat pumps in the commercial new construction sector, whereas drilling for private households declined significantly due to the sharp slowdown in construction activity for detached and semi-detached houses.

Institutional and public pressure to decarbonise energy production will further increase the need for investments in climate-friendly heat and power generation. In addition, it is possible that the energy demand in the course of the energy transition will rise as a result of the electrification of lots of areas and the replacement of former fossil generation methods. Examples include the following: Electricity for heat pumps, replacement for heat extraction from coal-fired power plants, expansion of e-mobility, provision of hydrogen generation through electrolysers, etc. for the electricity-intensive industry. In its study 'Future Electricity Demand Path', McKinsey assumes an increase in gross electricity consumption in Germany to between 635 and 805 TWh by 2035, which corresponds to an increase of roughly 24 % to 58 % compared to 2023.

In this market environment, Daldrup Group raised the revenue in fiscal year 2024 to EUR 54.1 million (previous year: EUR 49.1 million) and achieved total output of approximately EUR 54.6 million (previous year: EUR 48.4 million).

The following revenue contributions were made by the individual Daldrup Group business units:

• Geothermal Energy:	EUR 23.5 million	(43.5 %)
• Raw Materials & Exploration:	EUR 23.1 million	(46.3 %)
• Water Procurement:	EUR 1.0 million	(1.8 %)
• EDS:	EUR 4.5 million	(8.4 %)

The sales revenues in fiscal year 2024 were 92.3 % in Germany (previous year: 80.0 %) and 7.7 % in the neighbouring European countries (previous year: 20.0 %). The order situation was good at the end of the fiscal year in terms of drilling rigs for medium-depth and deep geothermal wells. The same applies to drilling rigs for shallower depths. For example, they were utilised at full capacity for well drilling, in old mining activities or shallow geothermal energy for real estate. Daldrup carried out deep geothermal drilling in Germany and Switzerland in the reporting year.

CAPACITIES UTILISED IN FISCAL YEAR 2024

Daldrup group's business development in the reporting year was distinguished by existing, large drilling contracts, primarily in Germany and Switzerland, most recently very often in the context of day-rate contracts for deep geothermal energy. This type of contract features lower risks. However, it also tends to decrease the possibility of selling supplementary services or even necessary drilling equipment or services from subcontractors, as these purchases are frequently made by the clients.

The business areas of Raw Materials & Exploration and Water Procurement were well supplied with orders. The demand situation continues to be brisk. Daldrup has also received further large drilling orders for geothermal use or for special contracts.

All business areas have a generally comfortable backlog of orders. As at the end of March 2025, it amounts to roughly EUR 31 million in the group and arithmetically utilises the production capacities until far into the first quarter of 2026. Moreover, the total relevant market (assessed with probabilities of occurrence based on orders under negotiation as at March 2025) amounts to around EUR 405 million. Once again, this is an unprecedented order of magnitude, which continues to reflect an enormous vital interest in the services of the Daldrup Group.

B. RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

1. EARNINGS SITUATION

The volatile course of projects inevitably leads to occasionally strong fluctuations in value in the consolidated income statement. At EUR 54.1 million (previous year: EUR 49.1 million), sales are at a significantly higher level than in the previous year. However, considering only the revenues from completed and invoiced orders would give an incomplete picture of the total work completed in the fiscal year due to the partly medium-term project progress. Therefore, under consideration of German accounting standards, the changes in work in progress and work commissioned by the customer must be reflected in the assessment of the earnings position. In accordance with the principle of prudence, these changes in inventories are initially adjusted by a 12.5 % standard deduction from the value of the work performed. For example, this is done to account for construction or acceptance risks. This deduction is only realised after completion, acceptance and final invoicing of a project. The project and operating costs must, by contrast, be recorded straight away when they arrive.

The inventories of partially completed work increased slightly by around EUR 0.2 million (previous year: EUR - 1.6 million). Work in progress includes projects in Switzerland that have not been f inalised as well as projects in Germany. At almost EUR 0.3 million (previous year: EUR 0.9 million), more systems were constructed in-house. These systems could be produced more cost-effectively in the company's own plant engineering department. The overall revenue calculated in this manner for the previous fiscal year of 2024 rose to EUR 54.6 million (previous year: EUR 48.4 million) due to order expansions. As a result, it exceeded the forecast issued in August 2024 by around EUR 4.6 million.

Other operating income fell significantly to EUR 0.5 million (previous year: EUR 1.8 million). Amongst other things, this item also includes income from currency translations with Swiss customers of EUR 0.1 million (previous year: EUR 0.2 million). It is offset by almost the same amount of expenses from currency translations of EUR 0.1 million (previous year: EUR 0.2 million), since significant orders or currency positions are hedged in accordance with the strict risk policy of the company. This item also includes income from the reversal of provisions of around EUR 0.2 million. Further details can be found in the notes.

The cost of materials rose compared to the previous year to EUR 23.1 million (previous year: EUR 21.3 million). The increase in the cost of materials is in line with the increase in total gross revenue in 2024. This development is almost exclusively attributable to the significant increase in procurement of services, which amounted to EUR 18.2 million (previous year: EUR 15.4 million) or 33.4 % (previous year: 31.9 %) of the total output from specialised third-party companies and purchased personnel services for the provision of services.

Gross profit as the sum of total output, other operating income and cost of materials increased outright to EUR 31.9 million (previous year: EUR 28.9 million). The percentage development of gross profit in relation to the company's total total output dropped by roughly 1.1 percentage points to 58.5 % (previous year: 59.6 %).

New hires, an increase in the time commitment of our employees, wage increases and one-off effects from the departure of a member of the Management Board were the main reasons for an increase in personnel expenses in the amount of EUR 0.9 million, raising it to a total of EUR 11.2 million (previous year: EUR 10.3 million). In relation to total total output, the personnel expenses ratio was reduced significantly to 20.6 % (previous year: 21.3 %) of total total output despite the absolute increase in personnel expenses.

At EUR 1.6 million (previous year: EUR 2.4 million) or 2.9 % (previous year: 4.9 %) of the total output, scheduled depreciation of non-current assets was significantly below previous year's level. Depreciation mainly relates to the large drilling rigs and results from investments in the fixed assets of the company. The deep drilling sites are still written off on the basis of standard business service life of 15 years. The Drillmec rig was depreciated up to and including mid-2024. This means that a positive effect on earnings of around EUR 1 million will be recorded compared to previous fiscal years solely from the elimination of scheduled depreciation on the two large drilling rigs, Bentec, whose amortisation already expired in November 2023, and Drillmec (expansion investment following the IPO). At the end of fiscal year 2024, extensive investments of approximately EUR 4.1 million (previous year: EUR 3.0 million) were made in property, plant and equipment. The investments mainly replace equipment that was rented, such as the B152 drilling rig from the manufacturer Wirth.

Depreciation of current assets amounting to roughly EUR 2.4 million (previous year: EUR 0.4 million) were recognised for merchandise (technology components) at the subsidiary D&S Geothermie GmbH.

Other operating expenses decreased significantly to EUR 9.7 million (previous year: EUR 13.2 million) and, as a percentage of the work performed in fiscal year 2024, they dropped from 27.2 % to 17.8 %. The reduction is mainly attributable to the reclassification of project-related costs to the cost of materials. This mainly includes expenses for waste disposal services (EUR 2.7 million), rental expenses for movable fixed assets (EUR 1.2 million) and expenses for diesel and fuel (EUR 0.8 million). At EUR 0.8 million (previous year: EUR 0.7 million), transport costs for the large drilling rigs were on par with the previous year. Repair and maintenance costs increased to EUR 1.7 million (previous year: EUR 1.4 million). At EUR 1.2 million, advertising and travel expenses were slightly below previous year's figure of EUR 1.4 million. Since currency risks are predominantly supposed to be hedged in accordance with the risk policy, other operating income from currency hedging of EUR 0.1 million (previous year: EUR 0.2 million) is offset by expenses of almost the same amount.

The financial result amounts to EUR - 4.2 million (previous year: EUR - 1.7 million). At EUR 3.7 million (previous year: EUR 0.9 million), the depreciation of financial assets and securities held as current assets are the main items in this partial result. Of this amount, impairments of EUR 3.2 million (previous year: EUR 0.8 million) were recognised on the subordinated receivables from the sold Geysir Europe Group. At EUR 0.8 million (previous year: EUR 0.9 million), interest expenses were almost on par with the previous year despite a significant rise in interest rates.

At roughly EUR 2.5 million, consolidated net profit for the year was significantly higher than the previous year (previous year: EUR 0.9 million).

Based on earnings before taxes of EUR 2.8 million (previous year: EUR 0.9 million) and with the standard elimination of the financial result, this results in an operating EBIT[1] of EUR 6.9 million after EUR 2.6 million in fiscal year 2024, or 12.7 % (previous year: 5.3 %) of total output. Based on this ratio, EBITDA[2] of EUR 8.5 million (previous year: EUR 4.9 million) or 15.6 % (previous year: 10.2 %) of the group's total output was achieved in the reporting year.

In August, the Daldrup Group already raised the forecast target total output figure for fiscal year 2024 to approximately EUR 50.0 million and still exceeded this new figure in the year under review with a total of EUR 54.6 million. The forecast EBIT of between EUR 3.5 million and EUR 4.5 million (or between 7 % and 9 % of total output) was also significantly exceeded in absolute terms at EUR 6.9 million or 12.7 %.

[1] EBIT = net income for the year – taxes on income & earnings + interest & similar expenses + depreciation of financial assets – other interest and similar income – income from other securities and long-term loans

[2] EBITDA = EBIT + amortisation of intangible assets and depreciation of property, plant and equipment

2. CAPITAL SITUATION

The balance sheet total of the group as at 31 December 2024 reached EUR 34.2 million (previous year: EUR 41.5 million) and decreased by around EUR 7.3 million compared to the balance sheet date of the previous year.

The tangible fixed assets were written down as planned and amounts to EUR 8.6 million (previous year: EUR 6.2 million). It especially includes the inventory of drilling rigs as well as the vehicle fleet and the required factory and office equipment. The change results from additions to fixed assets amounting to around EUR 4.1 million, of which roughly EUR 0.3 million is attributable to capitalised personal contributions. Scheduled depreciation amounted to approximately EUR 1.6 million. Additionally, the additions primarily include operationally essential investments, in particular the acquisition of new equipment for drilling operations. They also replace previously rented equipment.

Financial assets totalled EUR 0.6 million (previous year: EUR 4.0 million). Subordinated receivables from the companies of the former Geysir sub-group are recognised at around EUR 0.4 million (previous year: EUR 3.5 million), after another (roughly) EUR 3.2 million of this item was written off in fiscal year 2024 due to permanent impairment (financial result).

Raw materials, supplies and consumables as a sub-item of inventories amounted to EUR 6.4 million (previous year: EUR 6.8 million) on the balance sheet date and thus dropped below previous year's value.

The unfinished services and advance payments, valued according to commercial prudence, reached a total value of EUR 27.1 million (previous year: EUR 26.9 million) on the balance sheet date, which was offset by advance payments received totalling EUR 26.4 million (previous year: EUR 26.9 million), which were deducted from the unfinished services. This mainly relates to advance payments for services provided within the framework of the contractual agreements with customers.

Finished goods and merchandise totalled EUR 1.3 million after depreciation of roughly EUR 2.4 million. This relates to merchandise from the subsidiary D&S Geothermie GmbH.

Trade receivables were significantly above previous year's level and amounted to approximately EUR 4.5 million (previous year: EUR 9.3 million) on the reporting date. The Management Board regards the overall default risk on these customer receivables as very low, because they are distributed across numerous creditworthy customers. Where necessary for commercial prudence, appropriate value adjustments were made.

Other assets once again declined significantly to EUR 4.8 million (previous year: EUR 7.3 million). This balance sheet item includes a loan to a company of the Daldrup Group amounting to EUR 2.3 million (previous year: EUR 4.8 million), which could be significantly reduced in 2024 through the retransfer of the Wirth drilling rig.

Liquid funds increased to EUR 6.4 million (previous year: EUR 3.6 million) and exceeded previous year's figure by approximately EUR 2.8 million.

On the liabilities side of the balance sheet, Daldrup & Söhne AG's equity increased to a total of EUR 23.5 million as at 31 December 2024 (previous year: EUR 21.0 million). The equity ratio on the balance sheet date of 31 December 2024 roughly amounts to a comfortable 68.8 % (previous year: 50.6 %) of the balance sheet total.

Other provisions dropped to EUR 1.9 million (previous year: EUR 2.7 million), while provisions for outstanding invoices totalling around EUR 1.1 million were utilised in the reporting year. Further details can be found in the provisions notes in the annex.

There was a significant decline in liabilities totalling EUR 8.5 million (previous year: EUR 17.7 million). Despite active investments, liabilities to banks decreased to EUR 1.6 million (previous year: EUR 7.7 million). No overdraft facilities were utilised as at the balance sheet date. Medium-term financing in connection with the acquisition of necessary operating and office equipment was called up at a volume of only about EUR 0.6 million. Trade payables decreased to EUR 3.5 million (previous year: EUR 5.6 million). Other liabilities dropped further to EUR 3.4 million (previous year: EUR 4.5 million).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3. FINANCIAL POSITION

The cash flow statement can be found in the appendices to this Group management report. Extensive preparatory work for large drilling projects in the deep geothermal energy business segment regularly require high upfront monetary advance payments from the Daldrup & Söhne AG. In order to finance these requirements for operating equipment, to absorb liquidity peaks and guarantee items, on the balance sheet date, operating equipment, project financing lines and medium-term financing from German banks and insurance companies totalling EUR 21.5 million was available.

The group's solvency was monitored on an ongoing basis, updated and secured taking into consideration the forecasts provided during fiscal year 2024. The main focus here was on the liquidity of Daldrup & Söhne AG. Overall, the liquidity-related balance sheet items as at the balance sheet date on 31 December 2024 – consisting of contractually agreed trade receivables of EUR 4.5 million (previous year: EUR 9.3 million) and liquid funds of EUR 6.4 million (previous year: EUR 3.6 million) – amounted to EUR 10.8 million (previous year: EUR 12.9 million) as at the reporting date. They were offset by trade liabilities of EUR 3.5 million (previous year: EUR 5.6 million), which have short-term due dates. The total aforementioned assets amounting to EUR 10.9 million (previous year: EUR 12.9 million), which are close to liquidity, and the trade liabilities of EUR - 3.5 million (previous year: EUR - 5.6 million), which generally have short-term due dates, was clearly positive at EUR 7.4 million (previous year: EUR 7.3 million) as at the reporting date on 31 December 2024.

The Daldrup Group will process the acquired orders as planned in fiscal year 2025. The group-wide order backlog of approximately EUR 31.0 million (previous year: EUR 38.5 million) as at the end of March 2025 will utilise capacities arithmetically until the first quarter of 2026. Considering these orders and the forecasts, the company expects regular sales revenues and easily plannable cash inflows from the deep geothermal energy segment and the general drilling business if they are processed according to plan. Based on this expectation and the explanations in 'Financing risks', the solvency of the group is also secured beyond fiscal year 2025.

There are also challenging plans for fiscal year 2025, which so far do not seem to be at risk. Since rising prices cannot always be passed on to customers, there is a risk of margin losses. Further risks cannot be ruled out according to the risk / opportunity profile. However, despite higher interest rates, we currently do not anticipate higher interest expenses for the company. The ongoing IT projects in the areas of project control and cost management went live on 1 April 2025. Despite making good progress recruiting new skilled workers in 2024, we must continue to apply suitable measures to overcome the shortage of skilled workers.

4. GENERAL STATEMENT ON THE ECONOMIC SITUATION

Several factors put the company in an overall satisfactory economic position as at the reporting date: the strong capacity utilisation of all of Daldrup group's business segments, the discussions with domestic and foreign private, public and institutional clients signalling a high level of interest in geothermal energy and drilling in the Raw Materials & Exploration segment, as well as the drilling and project preparations carried out in the reporting period and in the current year. The group's core business was gradually reinforced by investing in technical innovations and expansions in the equipment fleet. The debt was reduced as planned. The high equity ratio and the repeatedly improved cash flow situation enable targeted investments in operating and office equipment as well as in human resources to structurally boost the core business.

However, the higher energy price level, rising material costs on construction sites (for steel and cement) and operating resources (such as electricity and diesel) as well as higher personnel costs over the course of the reporting year kept drilling costs at a high level, even though the situation eased somewhat in the second half of the year due to falling energy costs and lively competition in the construction industry. Fortunately, we were able to pass on some of these costs to clients.

The framework conditions for the renewable energy market in the electricity and heat sectors are being gradually improved by the German government and the EU. However, in Germany, the budget crisis with billions in savings in the KTF and delayed funding commitments have left a clear mark on the willingness to invest and a considerable degree of uncertainty, at least in the short term.

Nevertheless, the Management Board is convinced that especially the heating transformation in Germany and other Western European countries, which still needs to be realised, and larger volumes of prospective infrastructure projects continue to offer a promising, broad market environment with good growth prospects for the Daldrup Group. With the specialised drilling expertise gathered in the Group, the Raw Materials & Exploration and EDS divisions are well utilised for a wide range of research, exploration and special drilling projects.

As at March 2025, the group's order backlog for drilling projects in all four divisions in Germany and other European countries remains at a satisfactory level of around EUR 31 million. The Management Board also remains confident about the market volume of around EUR 405 million relevant for Daldrup, which is assessed with probabilities of occurrence.

In conclusion, the Group's business performance and earnings continued to be positively affected by good capacity utilisation, the improving regulatory environment, attractive subsidy programmes for customer projects and the social acceptance of geothermal energy in the target markets of Germany, Switzerland and the Benelux countries. Therefore, the Management Board continues to assess the economic development as overall satisfactory based on the economic environment.


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C. RISK AND OPPORTUNITIES REPORT

The deliberate and controlled management of opportunities and risks is a key element of corporate management within the Daldrup Group. In addition, we regularly validate the opportunities and risk system with an increase in the complexity and volatility of the world economy and adapt it to the changed economic environment.

As at the reporting date and at the creation time of the group management report, the following risks were identified, under consideration of the existing management and control measures. They are presented in descending order of importance.

The risk system, the risk environment and potential threats to the Daldrup Group are currently, but not conclusively, as follows:

1. STRATEGIC RISKS

Rapidly changing, more volatile markets, price risks depending on the economic development of the oil and gas industry, material and supply bottlenecks and latent shortages of qualified specialist workers are leading to a trend of the risks of the Daldrup Group's business model increasing in the previous fiscal years. The regional focus of business activities on the DACH and Benelux regions and a relatively low dependency on the economic development of the Daldrup business model, primarily in the area of public services, minimise the risk exposure.

Equity investments and joint ventures may, as a result of misdirected investments and misjudgement of opportunities and risks, have a very negative, integration-related impact on the net assets, financial position and earnings situation of Daldrup & Söhne AG or its subsidiaries. Careful and detailed audits in advance of such commitments are designed to minimise these commercial risks. Although the sale of the Geysir Europe Group significantly reduced these risks overall in 2019 and 2020 and balance sheet impairments were recognised, residual risks still remain in the form of balanced subordinated loans and purchase price receivables. From today's perspective, however, these risks are manageable. The Daldrup Group will only commit to equity investments after extensive due diligence and if they are aligned with its own SME profile. The financial obligations required for these types of investments as part of the company's own financial structure must be controllable based on commercial prudence.

The Company's Management Board and local management are working on the completion of the drilling contracts, doing so in part with the support of experienced geothermal consultants and suppliers. Projects based on turnkey contracts are only carried out by Daldrup in exceptional cases where the scope of work is low-risk.

2. BUSINESS RISKS

The occurrence of operational risks sometimes leads to significant delays in order processing and in exceptional cases may lead to abrupt but contractually induced termination of the order. The risks that occur will then also lead directly to a significant change in payment flows and fiscal performance parameters. There are essentially five threat or risk areas that may be associated with deep boreholes of the reporting company and the Group's project business:

SUBSOIL RISK

The subsoil risk, i.e. the risk of known and unforeseeable effects and difficulties originating from the subsoil (all underground, geological risks), is in (legal) building practice regulated in the contracts between the parties. The subsoil risk is generally within the sphere of responsibility of the client. Daldrup & Söhne AG as well as its subsidiaries as the contractor in drilling contracts bears the risk for technical drilling operations. In the deep drilling carried out by Daldrup, this risk can generally be absorbed by project-related insurance. Within the framework of independent supervision with trained/certified personnel, the use of modern drilling technology and close cooperation with the relevant specialist authorities and third-party monitors, the Daldrup group takes active risk prevention measures in practice.

For openly discernible risks Daldrup fulfils its duties to examine, notify and perform due diligence. Additional security is achieved by sub-contracting complex planning and engineering services to correspondingly-qualified and insured service providers.


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ORDINARY OPERATING RISKS

The operational and environmental liability risk and the machine breakage and operational disruption risk can be insured within the framework of careful evaluation of cost/benefit analyses. The group is covered for personal injury, material and environmental damage through the business and product liability insurance taken out with a reputable insurance company.

Separate machine insurance (including lost-in-hole) secures potential damage to deep drilling plants as well as to all peripheral machines and devices on a first-loss basis. The risk of business interruption due to damage can be insured normally. Blowout risks are, in principle, to be assigned to the subsoil risk, but can also be covered, in individual cases, via increased cover as part of business liability insurance.

The best insurance against blowouts is the use of modern and functional blowout preventers, which are regularly used by Daldrup. In the view of the Management Board, and based on annual strategic discussions with our industrial insurance partner, no special risk areas exist beyond the scope of normal business liability risks. Using a rigorous and certified quality and safety concept to avoid risk and damage is accorded high importance in the operational business of the Daldrup Group. The existing insurance policies and their cover are reviewed during the course of annual strategic discussions and adjusted where necessary.

UNSUCCESSFUL EXPLORATION

Within the framework of the ART concept, special policies from insurance consortia cover the downtime risk in the event of unsuccessful deep drilling. The discovery factors here are clearly defined by the fill quantity, temperature and reduction of rest water level. In assessing the insurance risk, the insurability and the level of premiums for a project, the experience and references of the drilling company commissioned and the likelihood of a strike as confirmed by external reports all play a critical role. Geothermal projects planned, drilled and implemented by the Daldrup Group have regularly been and remain at the present time commercially insurable. Although the ART concept is unable to eliminate time delays in the event of unsuccessful exploration and their financial impact for the group, it nevertheless ensures a reduction in the exploration risk for our customers and improved ability to execute deep geothermal energy projects and, in doing so, provides key support in acquiring customers in the niche market. Whether corresponding insurance cover has been chosen is at the discretion of the project sponsor in each case.

Governments in Germany at both federal and state level have recognised the exploration risk as an obstacle to the rapid expansion of the development of geothermal resources. In spring 2024, the BMWK announced a state-backed insurance concept in cooperation with the Kreditanstalt für Wiederaufbau (KfW) and the private insurance industry. However, this has yet to be finalised.

The federal state of North Rhine-Westphalia, on the other hand, has installed specific safeguards for exploration in cooperation with NRW-Bank with the 'Geothermal Masterplan' presented in spring 2024. We assume that the new government at federal level will also develop specific hedging instruments in the near future. This will boost the willingness and financial possibilities of many municipal utilities and local authorities for geothermal energy projects, including in the context of municipal heat planning.

PROCUREMENT RISKS

The varying procurement of plant technology, raw materials, consumables and supplies depending on the commissioned scope of drilling and the sometimes extensive procurement of third-party services have thus far not negatively affected Daldrup Group's service process. Despite the current level of consolidation observed in the oil and gas segment, there are sufficient contractor and supplier structures with satisfactory purchasing conditions and qualities in all business units, which are subject to regular monitoring by the quality management system. Risk-oriented supplier management strives to establish redundancies and reduce procurement risks or stabilise them at the lowest possible level by diversifying our business partners and exploring new suppliers and service providers. However, some parts of the service chain are dependent on suppliers.

APPROVAL RISKS

Every extraction plant and well for the exploration and extraction of natural resources, whether for geothermal energy, water extraction or raw materials exploration, is subject to comprehensive preliminary approval procedures carried out by the competent supervisory authorities. The approval of the various boreholes and extraction plants, such as building and operating a heating plant, is subject to the provisions of the German Federal Mining Act (Bundesberggesetz, BBergG), the German Federal Excavation Act (Abgrabungsgesetz), the requirements of the German Federal Water Act (Wasserhaushaltsgesetz, WHG) and state water laws and building regulations. The requirements imposed on Daldrup Group are increasing, and must therefore be updated, and regular consultations held with the regional authorities, state offices of geology and mining, and the water authorities.

Corresponding approval processes may be more complex and long-winded than expected and significantly delay projects, thus leading to downtime costs for the group. With decades of work undertaken in these known segments in dealing with the approval procedures and the authorities, the Daldrup Group is well-versed in the requirements specifications for the approval documents. Continuous dialogue with the different authorities across the entire project phase and close, solutions-oriented coordination help us to achieve a quick and acceptable consensus and avoid lengthy delays.

3. GENERAL ECONOMIC RISKS

COMPETITIVE RISKS

New, lucrative and growing markets may attract additional market actors, for example from the oil and gas industry. The efforts of companies in related sectors to enter the geothermal energy market are distinctly visible in spite of high barriers to market entry. Technical expertise, a specialised, versatile drilling rig fleet and experienced, qualified drilling teams, numerous testimonials, the long-term reputation of the Daldrup & Söhne AG brand and its market position are key competitive advantages of the group.

The potential future utilisation of the Daldrup Group is evaluated and published via the key figure 'relevant market' (formerly: 'order pipeline'). When evaluating this key figure, it must be taken into account that by definition it is not based on concluded contracts with customers, but rather on weighted – albeit subjective – probabilities of occurrence with regard to potential order placement. These probabilities of occurrence can fluctuate greatly depending on the development of current discussions or may not apply at all if, for example, an order is awarded to a competitor.

Other risks include a decline in demand as a result of market changes, subsidy freezes or lost tenders, as well as the fact that changes in legislation could lead to project delays or postponements for our customers. A vast variety of laws relating to the decarbonisation of the heat supply, such as the Building Energy Act, the Heat Planning Act or the Federal Fund for Efficient Heating Networks and well-equipped funding instruments, as well as the special fund for infrastructure measures and the expansion of renewable energies recently adopted by the EU and the federal government in Germany, generally speak in favour of strong structural growth in the coming years.

PERSONNEL RISKS

The Daldrup Group employs key personnel across all divisions (project managers, engineers, experienced drilling rig operators, accounting staff) whose long-standing contacts or expertise are essential to the company's success. The loss of key employees (e.g. through poaching, illness, accident) could promptly, even if only temporarily, create longer gaps that could also have a negative impact on deadlines to be met. The latent shortage of certified skilled personnel for the operation of the extensive drilling rig fleet and in commercial divisions has eased somewhat compared to the previous year, partly due to the crisis in the construction industry. With our own training and qualification measures and Europe-wide acquisition, we are striving to expand our qualified workforce and secure its long-term future. The personnel situation could limit the Group's planned growth path. Moreover, we are closely monitoring strategic holdings, acquisitions and joint ventures and assessing opportunities. Due to the special characteristics of the industry, recruitment is also subject to the risk that new employees may require longer familiarisation and qualification periods.

Additional areas of responsibility arise in the technical and commercial area, so information and communication channels as well as organisational and personnel resources must be permanently adapted to these requirements.

FISCAL RISKS / USE OF FINANCIAL INSTRUMENTS

Foreign currency risks are avoided as much as possible by carrying out contract and price negotiations in euros. Currency / exchange rate hedging instruments as well as forward exchange contracts with term option and currency swaps are used for planned orders and procurements in foreign currencies. This relates to micro hedges. Daldrup & Söhne AG only conducts these derivative transactions if there is an underlying transaction to be hedged, and it does so exclusively with banks that have a very good credit rating. The effectiveness of the hedging relationships is ensured by using identical parameters ('critical terms') for the underlying transaction and the hedge. The hedging relationships are shown in the annual financial statement as valuation units. Despite the use of such financial instruments, negative effects cannot be completely avoided, including in conjunction with project postponements. Speculative interest, currency and/or raw material transactions did not take place in the financial year and are also not planned in line with the risk management system.

As at the balance sheet date, derivative financial instruments were held in Swiss francs to hedge exchange rate risks from the drilling business. The tools usually used in international business to hedge reliability, payment and delivery risks using guarantees and letters of credit are deployed when required. In order to limit damages due to failure to pay, wherever customarily possible, guarantees are required on the part of our customers.

The Daldrup Group counters payment risks in the area of supplier risks in particular by agreeing individual supplier payments. In terms of suppliers, a non-delivery can result in project delays and increased costs. Daldrup & Söhne AG tries to confront this risk with a generally broad choice of possible replacement suppliers and monitoring of critical components in the manufacturing process, including quality assurance measures and control of the manufacturing process.

In the context of the disposal of the Geysir Group, significant parts remain in the form of subordinated loans for many years via Daldrup & Söhne AG in the amount of approximately EUR 0.3 million (previous year: EUR 3.5 million). In the reporting year, the subordinated loan to Geysir Europe GmbH was fully impaired due to the fact that the Taufkirchen power plant is not yet in operation. Due to the shareholder change of geox GmbH, the subordinated claim remains in the books of Daldrup & Söhne AG in accordance with the known valuation scheme. There is a risk that the remaining subordinated loan or the purchase price loan of EUR 1.6 million may not be repaid in full or at all. If this leads to any potential value adjustments, they could have a negative impact on the business results of the Daldrup companies or the Daldrup Group.

Within the framework of the Geysir sale, the subsidiary D&S Geothermie GmbH also received ownership of parts of the former technology components of the Taufkirchen power station as purchase price components. These technology components were appraised by an expert. Additional discounts were applied to these appraised values, e.g. for recycling and transport. The Management Board has received an offer from a prospective buyer that provides for an immediate payment of EUR 1.25 million and another payment of EUR 1.25 million after installation and successful commissioning. In light of the fact that there are no other potential buyers to date and the company cannot guarantee successful commissioning of the components, the power plant components were depreciated to a value of EUR 1.25 million in the reporting year. Taking the values determined by the Management Board into account, there is a risk that the values determined by the experts will not be achieved, that the sale will take longer or that further, possibly significant depreciations on these current assets may be necessary in the future.

The almost regularly recurring discussion about the creditworthiness of individual credit institutions or countries in the Eurozone, as well as the effects of future pandemics, could lead to a significantly limited willingness of credit institutions to provide financing, similar to the sovereign debt and financial crisis in the years 2007 to 2009. This scenario would make it difficult or impossible to realise numerous geothermal projects that are ready for drilling, as they would then increasingly compete with higher interest rate investment forms again. The aforementioned risks could result in obstacles to the growth of the geothermal market up to its collapse – even if only temporarily.

4. TECHNOLOGICAL RISKS

The drilling technology used is state of the art and is not subject to rapid technological change, meaning therefore that there is no specific risk potential. Networked technologies or artificial intelligence still play a subordinate role in operational drilling.

Although the IT systems do represent the current state of the art and security measures were taken to prevent unauthorised access or damage by malware and are updated on an ongoing basis, IT can generally be an external attack point. Further regular data backups are carried out. When it comes to technical updates and the planned expansion of internal IT systems, we are supported by external specialists who adapt the security of the systems to the requirements.

Supplemental and efficiency-enhancing IT projects were initiated in 2022. The new systems were successfully put into operation on 1 April 2025 with extensive support from an IT system supplier. These systems are a necessary intermediate step towards utilising artificial intelligence in the future.

5. LEGAL RISKS

Legal disputes may arise due to the payment process and within the framework of guarantees, as well as in the framework of generally existing contracts. Different expectations or interpretations of project contracts may result in legal disputes. These disputes can also be settled without legal advice. In some matters, court proceedings cannot be avoided to legitimately protect the interests of the Daldrup Group. Regardless of the nature of any settlement of legal disputes, external specialist lawyers are entrusted with the task of representing the interests of the Daldrup Group.

In active proceedings, there is the risk that the receivables claimed in court cannot be implemented and therefore value adjustments may be required.

The contract management is organised in such a way that there is a balanced distribution of opportunities and risks for the Daldrup Group as a result of integrating legal, technical and commercial activities. The current order backlog is subject to these perspectives from contract management.

Citizens' initiatives and petitions are on the decline with regard to geothermal energy projects, but opponents of the technology can also influence politics. This can be disadvantageous during the licensing procedure and can result in having to approach the courts, which will clearly delay drilling contracts and entire projects.

Overall, Daldrup & Söhne AG and its subsidiaries are regularly involved in court proceedings and official proceedings as the defendant or another party. Due to the increasing willingness to take legal action, the legal risks also tend to increase for Daldrup & Söhne AG or its group companies. Besides regular minor litigation risks, Daldrup & Söhne AG is being sued in two notable cases and is defending itself in these proceedings. Daldrup cannot conclusively estimate the outcome of these proceedings. From today's perspective, the circumstances giving rise to a claim in these proceedings, which are material for Daldrup, have not been proven or have not been proven sufficiently, which is why the Management Board continues to rate a successful claim as unlikely. An unfavourable outcome in one or both proceedings could have a massive impact on the economic parameters of Daldrup & Söhne AG or its subsidiaries. Daldrup is represented by at least one renowned law firm for this case. Provisions for occurring legal costs have been built up.

Daldrup & Söhne has obtained a D&O insurance policy for the management boards, the supervisory board and for the managing directors of legally independent subsidiaries and adapted the insurance sum in fiscal year 2024 in line with the actions of lots of companies, in order to be able to potentially rely on it in the event of violations of provisions of the German stock market or other violations.

6. REGULATORY AND POLITICAL RISKS

The companies of the Daldrup Group are exposed to political and regulatory changes in many countries and markets.

The trend towards the active promotion of renewable energies that began in the year 2000 is subject to fluctuations depending on the political leaning of the governments and changes determined by the legislation of the respective government. Economic risks and new political power structures can also influence priorities.

The uncertainty and complexities inherent in the legal provisions for the promotion of geothermal drilling projects and geothermal power plants and heating plants, as well as changes or significant curtailments to subsidies for generating electricity and supplying heat from geothermal energy can have a negative bearing on the profitability of geothermal projects and delay or freeze investments or make them obsolete.

Moreover the actionism and citizens' initiatives against geothermal projects can delay or endanger project development and approval procedures and deter investors. Close communication with political decision-makers and active measures such as participation in public hearings, the public presentation of projects and discussions with the media to broaden awareness of the advantages of geothermal energy are preventative instruments designed to avoid risks. Diversification of regional sales markets serves to mitigate potential negative effects. The Daldrup Group operates regularly in Germany as well as the Netherlands, Belgium and Switzerland, and possibly in Austria and Italy in the future. All of them have very different subsidy regulations. In the Netherlands, geothermal as a thermal energy is already in a position to compete with conventional energy sources without the need for subsidies. Legal changes always present the risk of advantages for the company. These changes may also result in shifts in demand for geothermal wells in other countries too.

The destabilisation of political systems, wars or geopolitical crises can lead to tensions and negative economic effects in the form of significant price increases for primary fossil energy sources and goods of all kinds. The sanctioned movement of goods and money or interrupted supply and logistics chains can also cause shortages. It cannot be ruled out that the sites of Daldrup & Söhne AG and the drilling locations in Germany and European countries may be affected.

The new government in the USA has threatened to impose tariffs on goods imported from the EU since the turn of the year 2024/2025, which will very likely result in similarly structured tariffs on goods imported into the EU from the USA as countermeasures. Daldrup & Söhne AG would mainly be affected by this in the areas of special drilling equipment. However, as all US suppliers relevant to the Daldrup Group operate independent branches in the EU, the Management Board considers the risk of higher customs duties to be low.

Diversification of regional sales markets and concentration of procurement on the DACH region and the Benelux countries as well as procurement redundancies serve to mitigate potential negative effects. The measures and experience gained during the coronavirus pandemic and related to the effects of Russia's war against Ukraine have shown that the Daldrup Group's organisation in this regard is fundamentally highly resilient.

7. FORECASTING RISKS

Generally speaking, the risk of significant market distortions due to an escalation of Russia's war against Ukraine cannot be ruled out since February 2022. It is difficult to measure the extent of this war in the future. What is certain, however, is that new challenges and opportunities for maximising the EU's energy independence from primary fossil fuels will emerge from this situation.

The level of the forecast risk correlates with the effects of the war in the markets relevant to Daldrup and the measures taken against it in the movement of goods and money as well as the supply of raw materials. Order delays or significant price changes resulting from this generally also lead to a change in payment flows and financial / economic performance parameters.

8. FINANCING RISKS/RISKS TO THE COMPANY AS A GOING CONCERN

With the banks and emergency guarantee lenders with long-standing business connections to Daldrup & Söhne AG, in May 2020 a comprehensive agreement to ensure bilateral granted operating equipment credit lines for current account and guarantee credits was concluded. The agreement includes a flexibility clause relating to any project finance lines which become necessary in the future, which can be secured by respective securities individual to the project, including outside the agreement. A new creditor provided a loan in 2021 on an unsecured basis with a medium term, which was repaid as planned. Furthermore, smaller loans were taken out repeatedly in 2024 to finance the Group's balance sheet assets.

An increasing risk situation and higher interest rates would also raise the risk that individual or several of our long-standing financing partners will no longer be available to us in the same way and to the usual extent with project financing, overdraft facilities and, especially in the project-related business, guarantee facilities that are sometimes widely needed. Currently, there is an overall reluctance to grant loans across all bank groups in Germany. Credit lines that are not granted or not maintained by the banks can make it difficult or impossible to complete entire projects. They can jeopardise planned growth or even lead to financing problems for Daldrup & Söhne AG. Moreover, they can have a massive impact on the economic parameters of Daldrup & Söhne AG and the Group itself. Daldrup & Söhne AG is striving to counter this risk by approaching potential lenders (including new ones) in a timely manner, providing satisfactory information in advance of credit decisions and concluding the aforementioned loan agreements. With regard to working capital, the company finances its own operations through standard short-term bank loans in the form of bilateral credit line agreements, overdraft facilities or guarantee credit agreements with fixed credit limits, which are generally granted as 'financing until further notice'.

An Independent Business Review (IBR) prepared by an external auditing firm was last updated in May 2024. In this context, the planning of several scenarios for fiscal year 2024 and the subsequent years was presented and plausibility-tested as part of the IBR with regard to potential effects on earnings and liquidity. Furthermore, the implementation status of the measures agreed with the financiers at the time to increase earnings was reviewed. With the introduction of a new ERP system on 1 April 2025, the company has fully and successfully implemented all measures and fulfilled the requirements for release from the restructuring process. The business relationships with the group of financiers will be continued, with one exception. The remaining financiers have submitted their commitment to the back office.

The release from the reorganisation process and the elimination of the associated going concern risk offers Daldrup & Söhne AG the opportunity to conclude new financing for investments in the equipment pool and to expand business operations. More favourable conditions can also be negotiated with the financiers for new credit financing, which has a positive effect on the company's interest burden.

9. OPPORTUNITIES

Geothermal energy is becoming increasingly important in Germany, Europe and globally in electricity and heat production in the context of renewable energy sources. The benefits of it are its availability as an infinite renewable resource, its consistency, low greenhouse gas emissions and decentralised energy production in the region of consumption.

Specifically in Germany, geothermal energy is promoted not only for electricity production, but also for heating and cooling supply via local and district heating networks in high-rise buildings as well as for new building projects and for energy renovation. During the last few years in Germany the regulatory framework to promote the use of heat from renewable energy sources has continued to be extended and improved. Nevertheless, the renewable heat sector continues to face major challenges that can probably only be addressed with generously equipped instruments consisting of regulatory incentives and supporting investment subsidies. The central goal of the new German government from the climate protection programme of achieving almost climate-neutral existing buildings by 2045 will not contribute to the implementation of rapid and socially acceptable decarbonisation. Pressure on politicians is increasing to align the building sector to renewable energies and thus end the existing dependence on fossil gas and avoid additional burdens for the economy and end consumers due to rising prices for CO_2 emissions. Lots of cities and industrial enterprises have now launched their own climate initiatives and are strengthening the efforts which are required. In geologically suitable areas in southern and northern Germany, the importance of geothermal heat is increasing for the local and national heat supply. Withdrawing from coal energy will require replacement capacities for district heating, which geothermal energy can contribute to providing.

Several studies (Roadmap for Near-Surface Geothermal Energy, Roadmap for Deep Geothermal Energy, Metastudy on the National Geothermal Energy Strategy, District Heating Supply by Using Low-Temperature Heat Sources Using Deep Geothermal Resources as an Example) by German research institutions make it clear that geothermal energy has the potential to cover a large part of Germany's heat demand. The joint roadmap drafted by researchers from the Fraunhofer Society and the Helmholtz Association shows that hydrothermal geothermal energy (possibly combined with large-scale heat pumps as a supplement) as a heat source for district heating networks could cover around a quarter of Germany's total heat demand, i.e. around 300 terawatt hours of annual output with 70 gigawatts of installed capacity.

In accordance with the key issues paper 'Geothermal energy for the heat transformation' published in November 2022, the Federal Ministry of Economics and Climate Protection (BMWK) wants to support the sector with eight measures to quickly raise this potential and facilitate investments. We believe that many elements of the key issues paper will be successively implemented.

For example, at the beginning of March 2024, an initiative by the BMWK and the KfW development bank was announced to establish a state-supported insurance solution for the exploration risk involved in deep geothermal drilling. Such a solution will remove a major hurdle for municipal and private clients of deep geothermal projects in order to promote rapid development of the potential of geothermal energy for heat supply on a larger scale.

REGULATORY FRAMEWORK FOR GEOTHERMAL ENERGY

BEW
Federal Fund for Efficient Heating Networks
Sept 2022

BMWK
Regulatory initiative to strengthen medium to deep geothermal energy
Nov 2022

GEG
German Building Energy Act – geothermal energy recognised as a fulfilment option
Sept 2023

WPG
Communal heat planning and decarbonisation of heating supply
Jan 2024

NRW Masterplan Geothermal energy
Exploration insurance, subsidies
April 2024

Coalition agreement
Announcement of the establishment of an exploration insurance
April 2025

Coalition agreement
Geothermal Acceleration Act
among other things, 'Overriding public interest for geothermal projects + fixed deadlines for authorities'
April 2025

Already in force | Announcement

The Green Industrial Deal announced by the EU Commission in February 2025 aims to promote climate-friendly industry with a EUR 100 billion package and a reduction in bureaucracy. Furthermore, the Net-Zero Industry Act (NZIA) aims to produce 40 % of the EU's demand for clean technologies in Europe by 2030. Details of the programmes are still being worked out, but the strategic direction is clear: decarbonisation and thus a significant reduction in dependence on fossil primary energy will be expedited. This is also the intention of the new government in Germany, which has been in office since May 2025, with the creation of special funds for infrastructure and renewable energies totalling hundreds of billions of euros. Daldrup can also benefit from these programmes for continuous expansion of geothermal energy as well as in other business segments via drilling. This includes preparation for construction and renovation measures as well as backlog and replacement requirements in the rail, road and bridge sectors.

For the Daldrup Group, a consistently good business outlook and new opportunities in the market may arise in the current economic and political climate from the continuing good order situation and order processing as well as the long-standing transparency provided by the stock exchange listing and the established market position in Central Europe as a reliable partner.

10. OVERALL STATEMENT ON THE RISK AND OPPORTUNITY SITUATION

Despite the statements in the section on 'Financing risks / Risks to the company's continued existence', the company's management, with its conscious risk strategy, eye for entrepreneurial opportunities, quick access and readiness to adjust plans, is aligned towards organisational and financial stability. At present there are no risks to the continued existence of the Company. The commercial opportunities available far outweigh the potential risks.

D. FORECAST REPORT

1. FUTURE CORPORATE STRATEGY

The core business of the Daldrup Group consists of the development and utilisation of geothermal energy and the provision of high-quality drilling services in the application areas of water, raw materials and environmental services. In particular in the heat market, we believe there to be lots of potential for structural growth due to the urgent decarbonisation of heat generation. This applies to a similar extent to two other business segments: With the special fund for infrastructure measures in Germany passed by the Bundestag (House of Representatives of the Federal Republic of Germany) in March 2025, there may be a significant increase in demand for drilling to prepare for construction measures for rail, road, tunnelling and bridge building. However, we also consider the prospects for water technology with traditional well construction and services for old mining as well as the exploration of raw materials and deposits to be at least satisfactory. As things stand today, a market for deep exploration to search for nuclear repositories is also expected to emerge in Germany in 2028. In recent years, Daldrup has already drilled several specialised wells with very high requirements on behalf of the relevant authorities. In the coming years, the Daldrup Group's operational focus will therefore mainly be on the Deep Geothermal Energy, Raw Materials & Exploration and EDS segments. In the long term, Daldrup is also looking to invest in heating plants or power plants as minority shareholdings, provided they align with the medium-sized orientation and size of the Daldrup Group. The company will continue with its regional focus on the DACH region and the Benelux countries. Its goal is to strengthen its national and European market position as a full-service provider for medium-sized geothermal energy projects and drilling services in various application areas and to increase its earning power.

This development requires continuous expansion of the Group's internal structures as well as the control and monitoring mechanisms. The organisational structure in the group, order controlling, management, risk recognition and reporting tools as well as the bases of the business model were subsequently adapted in view of the requirements of the business model and with sound judgement. This is the foundation for preparing the Group reliably and competitively for the next growth phases in the coming years. The necessary personnel and organisational adjustments in this regard relate not only to the area of finance and controlling, but also to the business organisation and staffing of the ongoing drilling operations.

Despite the consequences of Russia's war against Ukraine, which cannot be conclusively assessed, and a generally tense geopolitical situation, the Management Board of Daldrup & Söhne AG expects significant demand for drilling contracts in the coming quarters from the aforementioned business segments.

2. FUTURE ECONOMIC ENVIRONMENT

MACROECONOMIC CONDITIONS CHARACTERISED BY SUBDUED ECONOMIC DEVELOPMENT AND REGULATORY UNCERTAINTIES

In its Kiel Economic Report published at the beginning of March 2025, the IfW assumes that the global economy will face greatly increased economic policy uncertainty in a phase that is already marked by moderate momentum. This is mainly attributable to the actions and announcements of the new US administration. They threaten to severely weaken global trade and disrupt well-established value chains. This forecast is based on the assumption that additional tariffs on imports into the United States will be levied at a significant level. Monetary policy will be loosened less than previously assumed. At the same time, fiscal policy will provide greater impetus, especially because defence spending in many countries will be greatly increased due to the changed geopolitical configuration. As a result, the IfW expects the global economy to continue its very moderate expansion with GDP growth of 3.1 % for the current year. For 2026, the IfW also anticipates an expansion of 3.1 %.

For the eurozone, the IfW expects the economy to pick up slightly. However, the greatest risk is the uncertainty surrounding US trade policy. This is because tariffs not only have a direct impact on trade flows but are also likely to weaken the economy by reducing investment. According to the IfW, the first signs of a deterioration in the business climate can already be observed in the purchasing managers' indices, which are signalling a noticeably more negative assessment of the future economic situation. As a counterbalance, fiscal policy in the forecast period is likely to be significantly more expansive than previously foreseeable. Above all, the planned extra defence spending will bring a sweeping fiscal policy to the fore. Also, the ECB is lowering interest rates, and the intensity of the monetary policy restriction is decreasing. The IfW expects GDP to increase by 1.0 % in 2025 and by 1.4 % in 2026.

According to the IfW, economic momentum in Germany will initially remain weak. Signs of a noticeable economic upturn are few and far between. The German economy is already clearly suffering from structural problems that are unlikely to ease in the short term. If the US administration increases tariffs on German imports, as assumed for this forecast, it will further weaken economic output. For the coming year, the experts assume for the forecast that fiscal policy will become significantly more expansive with a new government. Investments are likely to bottom out and increase again in 2026 after four consecutive declines. With that in mind, the IfW is forecasting a GDP growth rate of 1.5 % for 2026. Unfortunately, the GDP will likely stagnate in the current year.

CAUTIOUS INDUSTRY OUTLOOK IN THE SHORT TERM, STRONG GROWTH AHEAD IN THE MEDIUM TERM

As part of the Heat Planning and Decarbonisation of Heating Networks Act (WPG), which was enforced on 1 January 2024, municipal and private clients are forging ahead with planning, particularly for geothermal heating projects. The focus here is on reducing dependence on natural gas and other fossil primary energy sources for heat generation and accelerating decarbonisation. Existing heating networks are expected to be supplied with at least 30 % renewable energy or waste heat by 2030 and 80 % by 2040. The target of 65 % renewable energy applies to new heating networks, with geothermal energy recognised as the fulfilment option. Private clients from the industry are also eagerly awaiting to utilise geothermal resources for heating purposes or process heat.

It is supported by a whole series of existing laws and funding opportunities, such as the Federal Fund for Efficient Heating Networks and subsidies from the KfW as part of the Building Energy Act. However, the break-up of the governing coalition in Germany in autumn 2024 and the failure to adopt the 2025 federal budget led to budget restrictions in the Climate and Transformation Fund as well as delays in approval notices. The impact of this budget crisis was immediately felt in the form of noticeable uncertainty and a reluctance to invest on the part of potential clients. This will continue in the first half of 2025, resulting in delays in planning, tenders and approvals. However, the Management Board believes that this will only remain a temporary phenomenon. With the adoption of the special infrastructure fund of up to EUR 500 billion) and a more business-friendly policy from the new German government, there may well be a turnaround that will boost Germany’s long-term growth potential and the pace of the heating transition. With the credit-financed special fund for infrastructure measures of up to EUR 500 billion passed by the Bundestag in March 2025, there may be a significant increase in demand for drilling to prepare for construction measures for rail, road, bridge and tunnel construction. In Germany alone, 4,000 bridges urgently need to be renovated.

However, economists agree that without further structural reforms, the effect will hardly be sustainable. In addition to a significant reduction in bureaucratic hurdles, this also includes the streamlining of authorisation processes, shorter decision-making paths and more pragmatism. We have already commented on this topic here in previous years and identified the key levers for the geothermal industry. Since then, the BMWK has launched several initiatives such as the Geothermal Energy Acceleration Act, but they are still awaiting ascertainment and implementation. One game changer would be the insurance concept announced by the BMWK in spring 2024 for the exploration of geothermal wells. This would be another crucial step towards decisively advancing the decarbonisation of the heat supply across the board with the potential of domestic geothermal energy.

Overall, we assume that the regulatory framework for the heating transition in Germany and the EU will improve significantly in the medium term. We assume that the first municipalities and cities will be able to finalise their heat planning in the first half of 2025 and subsequently launch tenders for geothermal projects as well. The goal is to motivate public and private clients to gradually overcome the reluctance to invest. According to our assessment, this is expected to lead to increased demand for flat and deep geothermal energy projects for Daldrup & Söhne AG.

We believe that the EU Emissions Trading System (EU ETS) will be another driver. Moreover, the EU ETS 2 will launch a new independent system for the consumption of fossil fuels in buildings, road transport and other sectors in 2027. The overall reduction in emissions in the buildings and transport sectors in 2030 should be 43 % compared to 2005.

The EU Commission also wants to substantially promote carbon-neutral technologies as part of the European Clean Deal industrial policy. Based on the Net-Zero Industry Act (NZIA), the goal is to accelerate the expansion of renewable energies, increase resilience and energy security and expedite the decarbonisation of industry, thereby boosting Europe's competitiveness. The NZIA defines key industries for the successful implementation of the European Green Deal: The list includes renewable energy technologies such as geothermal energy. The law addresses the entire value chains for these products. For these key industries, the NZIA has set the target of covering 40 % of European demand from its own production by 2030. This bundle of measures, which also includes relaxed state subsidy rules that allow EU states to subsidise private investment in green technology up to 100 %, should lead to massive investment in green energy production. This has also been substantiated by Daldrup & Söhne AG by the vast amount of exploratory talks and requests for proposals. It fundamentally bolsters the Daldrup Group's business purpose.

According to the study 'Roadmap of deep geothermal energy for Germany' by Fraunhofer and Helmholtz, the market potential in Germany opens up expansion targets of well over 300 TWh of annual output or 70 GW of installed capacity, which corresponds to around 25 % of the total heat demand. According to the roadmap, investments of about EUR 2.0 billion to EUR 2.5 billion per Gigawatt of installed capacity from public and private households will be needed over the next ten years to build up a deep geothermal generation infrastructure and to connect it to municipal distribution infrastructures for heat. This will make it possible to achieve competitive heat production costs of <30 EUR/MWh.

Moreover, use of geothermal heat in combination with heat pumps is currently the most efficient method for sectoral coupling. As a result, geothermal energy is an important system service and in the foreseeable future will be operated economically without subsidies. However, without fundamentally improved framework conditions, their development and application will remain below their potential.

According to the Leibnitz Institute for Applied Geophysics, 587 TWh / per year (2,111 PJ) alone must be replaced from natural gas, oil and coal in order to achieve the climate protection targets in the space heating/ hot water sector. The measures proposed by the BMWK include accelerating approval procedures, expanding support programmes such as the BEW and EEW (Federal Fund for Energy and Resource Efficiency for Businesses), and risk mitigation for geothermal drilling. By 2030, this would mean at least 100 medium-depth and deep geothermal projects. This would correspond to a significant proliferation by multiples compared to the current pace of expansion.

3. EXPECTED RESULTS OF OPERATIONS AND FINANCIAL POSITION

The Group's drilling and project business has been characterised by high capacity utilisation and a satisfactory order situation in all four divisions for several years. Although the current climate towards geothermal energy and deep drilling (e.g. in the context of infrastructure projects) can generally be classified as friendly in society and politics, drilling operations are nevertheless fundamentally subject to uncertainties and the risks outlined above, which must be carefully monitored before and during drilling.

Despite careful planning and coordination with the project partners and authorities, delays in approval and tender procedures, changing legal requirements, changes in special infrastructure conditions that tend to apply in most cases and conditions for project financing as well as unknown geology-related factors can never be ruled out. This is because the exploitation of geothermal energy is a relatively new discipline. Furthermore, each project needs to be planned on an individual basis as the geological conditions underground can differ greatly. Due to the aforementioned uncertainties, effects on Daldrup & Söhne AG's and the Group's results of operations and financial position cannot by nature be ruled out, and will affect the Group's course of business in the future as well.

The economic development in 2025 and 2026 will still be evaluated as overall satisfactory by the management board at the end of March 2025, taking into consideration the economic environment and the effects of the geopolitical crises. However, potential price volatility for raw materials, supplies and consumables could have a negative impact on cost structures and schedules at the drilling sites. The Group's drilling and services business is likely to experience a structural increase in demand in the coming quarters in Germany with the new coalition government of the CDU / CSU and SPD due to an improved regulatory framework. According to the BVG, geothermal energy plays a key role in the government programme with a wide range of planned measures.

The association highlighted a few statements: The planned, improved Geothermal Energy and Heat Pumps Act (GeoWG), the planned introduction of an instrument to safeguard discoverability and the statutory, budget-independent regulation and increase in Federal Fund for Efficient Heating Networks (BEW).

The BVG has published an expansion path for all geothermal technologies up to 2045, which the Management Board agrees with in terms of content:

- Improve Federal Promotion of Efficient Buildings (BEG).
- Adjust the market element in the district heating supply, i.e. remove the bureaucratic coupling of geothermal district heating to fossil fuels to reveal the original price.
- Establish privileged status in the building code for geothermal plants in outdoor areas, which would expedite the realisation of geothermal projects.
- Better differentiation of near-surface geothermal energy from other heat sources in order to facilitate adjusting the framework conditions for expansion in a more targeted manner.

All things considered, thanks to the market position of Daldrup & Söhne AG and its subsidiaries, the Management Board is confident that it will be able to acquire and implement additional projects in all business segments. This includes exploratory drilling for the storage of radioactive waste in Germany, remediation of shafts and areas in the Ruhr region from old mining operations, infrastructure projects in road construction and civil engineering, as well as exploration of raw materials. Around Munich and in the North German Plain, interest in major geothermal projects in the Molasse basin for the supply of electricity and heat remains high. This applies to local authorities as well as local, large (industrial) companies. There is also strong demand for exploratory and research drilling, which will prepare the field for larger geothermal projects in the future. In Krefeld, for example, we are sinking a research borehole for the Geological Survey of North Rhine-Westphalia (Geologischer Dienst NRW) to investigate the geothermal potential of the limestone layers in the region. Daldrup & Söhne AG is drilling an exploratory borehole (GeoLab-1) for a consortium of research institutes under the leadership of the Karlsruhe Institute of Technology (KIT) in order to gain insights into the suitability of an area for the construction and operation of an underground laboratory.

The GeoLaB research infrastructure is intended to answer fundamental questions about the development and utilisation of crystalline reservoirs for geothermal energy. This year, we also expect to start the project for the drilling contract from the City of Oldenburg's public baths company to drill an exploratory well and a doublet well. In the first quarter of 2025, we received a general contractor order from a utility company in western Switzerland to drill a geothermal doublet. We are continuing the exploratory drilling for salt extraction for the Swiss company Salinen AG with up to four drilling rigs working in parallel. In the Netherlands, we are able to participate in new tenders for geothermal projects. A targeted state funding framework in that country is actively promoting the possibility of geothermal energy in heating for buildings and in agriculture.

The order pipeline is continuing to develop robustly. It reached around EUR 405 million at the end of March 2025. The order backlog across all four business divisions totalled EUR 31 million at the end of March 2025, keeping the Group's drilling teams and drilling equipment busy until 2026.

The Management Board continues to boost profitability with targeted investments aimed at increasing the efficiency of drilling equipment, accompanied by gradual expansion of the drilling rig fleet, particularly for medium-deep geothermal energy. With the establishment of a management information system and ISO 9001 and ISO 14001 certifications, the company will also continue to focus on efficiency, risk minimisation, customer benefits and sustainability. Moreover, we will continue to bolster our personnel.

Although further value adjustments of the now significantly reduced receivables from the companies of the former Geysir subgroup cannot be ruled out and could even increase in the coming years, the Management Board of Daldrup & Söhne AG assumes a satisfactory business performance in 2025. This assumption reflects the aforementioned points. Based on the well-utilised drilling rig capacities, the solid order situation and the existing order potential, the Management Board expects to generate a total output of around EUR 52 million in fiscal year 2025. Earnings before interest and taxes (EBIT) are forecast to range between 9.0 % and 12.0 % of total output. This forecast is based on assumptions, meaning that the actual results may deviate from current expectations due to existing market, procurement and price risks arising from the multipolar geopolitical crises.

E. INFORMATION ON TREASURY SHARES ACCORDING TO SECTION 160(1)(2) OF THE GERMAN STOCK CORPORATION ACT (AKTIENGESETZ, OR AKTG)

Disclosures relating to treasury shares pursuant to section 160(1)(2) of the German Stock Corporation Act and Section 289(2)(2) of the German Commercial Code (Handelsgesetzbuch, or HGB) are listed in the notes to the consolidated financial statements.

Oberhaching, 23 May 2025

Daldrup & Söhne AG
The Management Board

Andreas Tönies
(CEO)

Bernd Daldrup
(Board member)

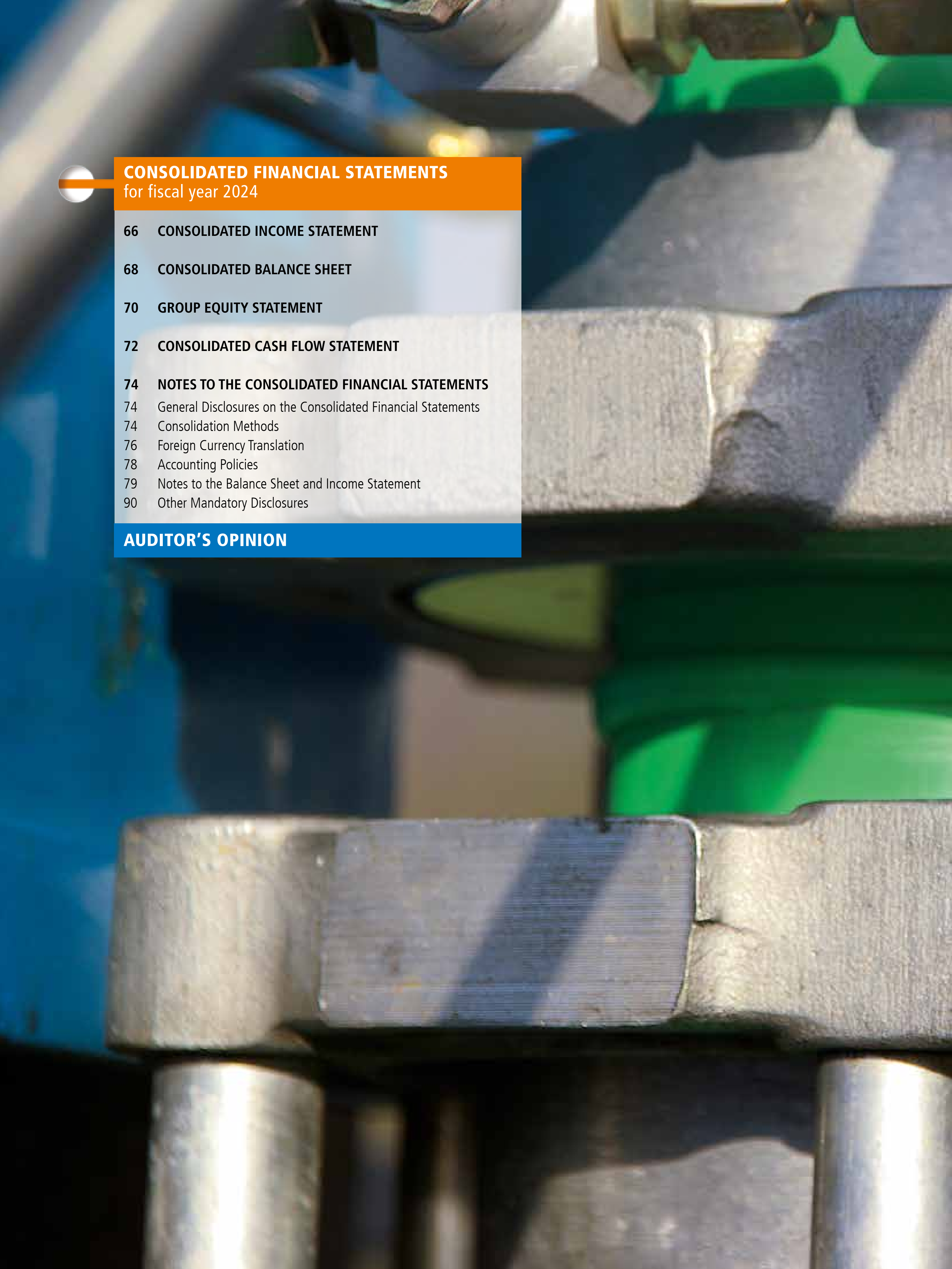
Karl Daldrup
(Board member)

DISCLOSURES IN THE MANAGEMENT REPORT ON HEALTH, ENVIRONMENTAL PROTECTION AND QUALITY STANDARDS – NOT PART OF THE 2024 ANNUAL AUDIT

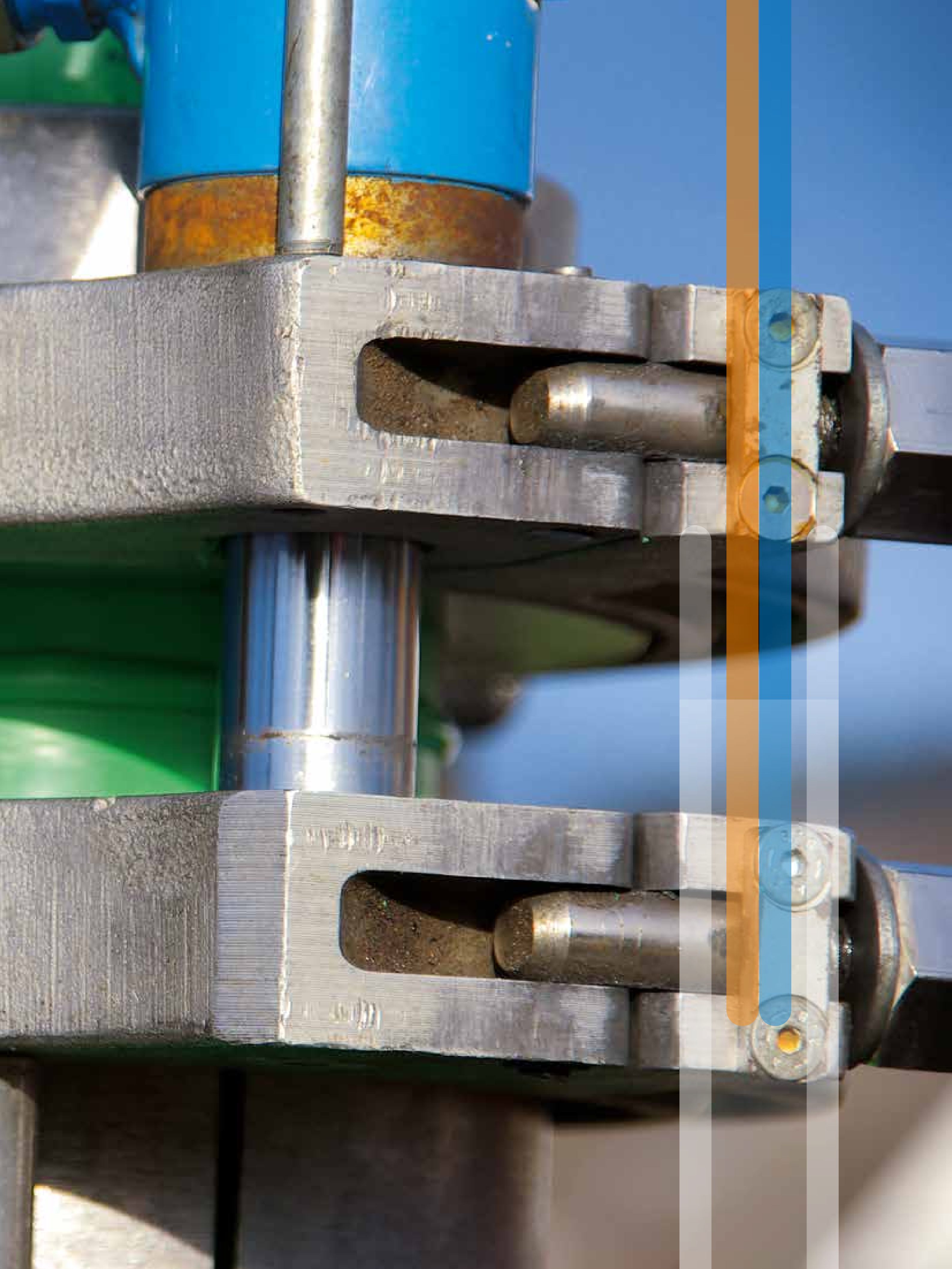
Daldrup & Söhne AG undertakes to comply with high health, safety and environmental standards. Daldrup & Söhne AG attaches the utmost importance to its employees complying with industry standards, the respectively applicable national laws and relevant regulations regarding health, safety and environmental protection. The management, information and security system installed by the Management Board of Daldrup & Söhne AG and audited by external parties ensures that these standards are implemented effectively. The non-financial performance indicators do not directly serve company management.

The basics of daily activities are stipulated by the safety and health protection document in accordance with the relevant legal provisions and directives of the European Union as well as the internal guidelines of Daldrup & Söhne AG for employee management and employee development, for addiction prevention and for maintenance and servicing.

A high level of quality across all company divisions of Daldrup & Söhne AG is a decisive factor in ensuring success of our work and customer satisfaction. The standard SCC certification is therefore as much a matter of course as the performance and regular revision of quality management in accordance with DIN ISO 9001. Daldrup & Söhne AG is particularly proud of being one of the first medium-sized companies to be certified in accordance with the new SCC standard 'SCC-VAZ 2021' in March 2022.



CONSOLIDATED FINANCIAL STATEMENTS
for fiscal year 2024



CONSOLIDATED INCOME STATEMENT

FOR THE FISCAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024

	01/01/2024 – 31/12/2024 EUR	01/01/2023 – 31/12/2023 EUR
1. Sales revenue	**54,113,901.83**	**49,117,351.85**
2. Increase / decrease in work in progress	212,491.66	- 1,627,328.20
3. Other capitalised personal contributions	265,877.41	916,864.33
Total output	**54,592,270.90**	**48,406,887.98**
4. Other operating income	449,065.64	1,752,506.05
5. Cost of materials		
a) Cost of raw materials, supplies and purchased goods	- 4,886,054.67	- 5,853,755.21
b) Expenses for services procured	- 18,233,077.10	- 15,429,862.95
	- 23,119,131.77	- 21,283,618.16
Gross profit	**31,922,204.77**	**28,875,775.87**
6. Personnel expenses		
a) Wages and salaries	- 9,366,912.94	8,542,379.36
b) Social security, post-employment and other employee benefit costs	- 1,856,786.29	1,779,295.18
	- 11,223,699.23	**- 10,321,674.54**
7. Amortisation of intangible fixed assets and depreciation and amortisation of property, plant, and equipment	- 1,587,013.10	2,352,299.62
8. Depreciation of current assets	- 2,432,800.00	- 409,200.00
9. Other operating expenses	- 9,695,204.30	- 13,186,829.01
10. Income from securities and long-term loans	15,116.34	102,139.83
11. Other interest and similar income	319,687.76	15,041.14
12. Depreciation of long-term financial assets	- 3,702,278.28	- 911,097.00
13. Interest and similar expenses	- 798,887.06	- 866,986.17
14. Taxes on income and revenue	- 283,315.85	- 35,751.53
15. Result from ordinary activities	**2,533,811.05**	**909,118.97**
16. Other taxes	- 46,713.01	- 19,279.38
17. Consolidated net income for the year	**2,487,098.04**	**889,839.59**
18. Consolidated loss carried forward	- 568,388.54	- 21,859,671.34
19. Withdrawal from the capital reserve	0.00	20,401,443.21
20. Consolidated net retained profits	**1,918,709.50**	**- 568,388.54**


Daldrup

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2024

ASSETS	31/12/2024 EUR	31/12/2023 EUR
A. Fixed assets		
I. Intangible fixed assets		
1. Concessions, industrial property and similar rights and assets and licences to such rights and values	64,029.50	2,990.50
2. Prepayments	223,644.50	142,448.40
	287,674.00	**145,438.90**
II. Property, plant and equipment		
1. Land, land rights and buildings including buildings on third party land	3,558.00	4,159.00
2. Technical equipment and machinery	4,637,222.00	3,077,350.00
3. Other plants, factory and office equipment	4,005,725.00	3,163,245.00
	8,646,505.00	**6,244,754.00**
III. Financial assets		
1. Shares in affiliated companies	2.00	2.00
2. Other loans	605,053.00	4,045,903.00
	605,055.00	**4,045,905.00**
	9,539,234.00	**10,436,097.90**
B. Circulating assets		
I. Inventories		
1. Raw materials, consumables and supplies	6,432,069.53	6,763,731.52
2. Work in progress	27,070,408.76	26,882,633.37
3. Payments received on account of orders	–26,411,307.42	–26,930,399.59
4. Finished products and merchandise	1,250,000.00	3,682,800.00
5. Prepayments	188,353.71	125,790.08
	8,529,524.58	**10,524,555.38**
II. Receivables and other assets		
1. Trade receivables	4,509,703.57	9,268,754.64
2. Receivables from affiliated companies	195,668.65	188,817.85
3. Other assets	4,844,976.00	7,319,671.01
	9,550,348.22	**16,777,243.50**
III. Cash on hand and credit balances at banks	6,363,058.44	3,554,390.94
	24,442,931.24	**30,856,189.82**
C. Prepayments and deferred income	**231,164.09**	**256,318.36**
Total assets	**34,213,329.33**	**41,548,606.08**

LIABILITIES	31/12/2024 EUR	31/12/2023 EUR
A. Equity		
I. Subscribed capital	5,989,500.00	5,989,500.00
Treasury shares	- 3,012.00	- 3,012.00
	5,986,488.00	**5,986,488.00**
II. Capital reserves	15,954,431.80	15,954,431.80
III. Retained earnings		
1. Legal reserve	25,000.00	25,000.00
2. Other revenue reserves	360,205.84	360,205.84
IV. Currency conversion adjustments	- 723,755.23	- 751,301.43
V. Balance sheet profit / loss	1,918,709.50	- 568,388.54
	17,534,591.91	**15,019,947.67**
	23,521,079.91	**21,006,435.67**
B. Provisions		
1. Tax provisions	285,001.66	43,430.91
2. Other provisions	1,875,913.65	2,742,365.80
	2,160,915.31	**2,785,796.71**
C. Liabilities		
1. Liabilities to banks	1,633,092.22	7,681,111.20
2. Trade payables	3,493,086.78	5,560,775.79
3. Liabilities to affiliated companies	18,838.28	0.00
4. Other liabilities	3,380,129.21	4,492,192.71
	8,525,146.49	**17,734,079.70**
D. Prepayments and deferred income	**6,187.62**	**22,294.00**
Total assets	**34,213,329.33**	**41,548,606.08**

GROUP EQUITY STATEMENT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FISCAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024

	PARENT COMPANY							
	(Amended) Subscribed capital			Reserves				
	Subscribed capital	Treasury shares	Total	Capital reserves	Retained earnings			Total
in EUR				Capital reserves	Legal reserve	Other revenue reserves	Total	
As at 01/01/2023	5,989,500	- 4,012	5,985,488	36,355,875	25,000	384,304	409,304	36,765,179
Group annual net income	0	0	0	0	0	0	0	0
Capital increase	0	0	0	0	0	0	0	0
Changes to the consolidation scope	0	0	0	0	0	0	0	0
Currency conversion	0	0	0	0	0	0	0	0
Profit distribution	0	0	0	0	0	0	0	0
Withdrawals from capital reserves	0	0	0	- 20,401,443	0	0	0	- 20,401,443
Other changes	0	1,000	1,000	0	0	- 24,098	- 24,098	- 24,098
As at 31/12/2023	**5,989,500**	**- 3,012**	**5,986,488**	**15,954,432**	**25,000**	**360,206**	**385,206**	**16,339,638**
As at 01/01/2024	5,989,500	- 3,012	5,986,488	15,954,432	25,000	360,206	385,206	16,339,638
Group annual net income	0	0	0	0	0	0	0	0
Capital increase	0	0	0	0	0	0	0	0
Changes to the consolidation scope	0	0	0	0	0	0	0	0
Currency conversion	0	0	0	0	0	0	0	0
Profit distribution	0	0	0	0	0	0	0	0
Withdrawals to offset losses	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0
As at 31/12/2024	**5,989,500**	**- 3,012**	**5,986,488**	**15,954,432**	**25,000**	**360,206**	**385,206**	**16,339,638**

PARENT COMPANY			NON-CONTROLLING INTERESTS	
Equity difference from currency translation	Consolidated balance sheet profit / loss	Total	Total	Group Equity
- 917,318	- 21,859,671	19,973,678	0	19,973,677
0	889,840	889,840	0	889,840
0	0	0	0	0
0	0	0	0	0
166,017	0	166,017	0	166,017
0	0	0	0	0
0	20,401,443	0	0	0
0	0	- 23,098	0	- 23,098
- 751,301	**- 568,389**	**21,006,436**	**0**	**21,006,436**
- 751,301	- 568,389	21,006,436	0	21,006,436
0	2,487,098	2,487,098	0	2,487,098
0	0	0	0	0
0	0	0	0	0
27,546	0	27,546	0	27,546
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
- 723,755	**1,918,710**	**23,521,080**	**0**	**23,521,080**

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR FISCAL YEAR 2024

	01/01/2024 – 31/12/2024 EUR	01/01/2023 – 31/12/2023 EUR
1. Cashflow resulting from ongoing business activity		
Result for the period including third-party shares	2,487,098.04	889,839.59
Scheduled depreciation of fixed assets	5,270,453.10	2,352,299.62
Increase / reduction in provisions	- 866,452.15	1,682,296.74
Other non-cash expenses and income	- 815,815.57	- 266,281.06
Increase / decrease in inventories, trade receivables and other assets that are not attributable to investing or financing activities	6,814,280.35	- 745,696.15
Increase / decrease in trade payables and other liabilities that are not attributable to investing or financing activities	- 1,477,020.61	- 1,242,559.00
Interest expenses	798,887.06	866,986.17
Interest income	- 319,687.76	- 102,139.83
Expenses / income from extraordinary items	0,00	911,097.00
Income tax expense / income	283,315.85	35,751.53
Income tax refunds / payments	- 41,745.10	- 9,483.21
Cashflow resulting from ongoing business activity	**12,133,313.21**	**4.372.111,40**
2. Cash flow from investment activities		
Inflows from disposals of tangible and intangible fixed assets	0.00	84,689.01
Outflows for investments into intangible and tangible fixed assets	- 2,554,837.43	- 3,148,806.58
Outflows for investments into financial assets	- 242,590.00	0.00
Interest received	319,687.76	102,139.83
Cash flow from investment activities	**- 2,477,739.67**	**- 2,961,977.74**
3. Cash flow from financing activities		
Inflows from the issuance of bonds and raising of (financial) loans	371,069.51	635,597.39
Outflows from the repayments of bonds and (financial) loans	- 543,386.89	- 678,115.73
Interest paid	- 798,887.06	- 866,986.17
Dividends paid to shareholders of the parent company		
Cash flow from financing activities	**- 971,204.44**	**- 909,504.51**
4. Cash and cash equivalents at the end of period		
Cash change in cash and cash equivalents (Subtotals 1–3)	8,684,369.10	500,629.15
Cash and cash equivalents at the start of the period	- 2,321,310.66	- 2,821,939.81
Cash and cash equivalents at the end of period	**6,363,058.44**	**- 2,321,310.66**
5. Composition of the cash and cash equivalents		
Cash on hand and credit balances at banks	6,363,058.44	3,554,390.94
Liabilities to banks (current account liabilities)	0.00	- 5,875,701.60
Cash and cash equivalents at the end of period	**6,363,058.44**	**- 2,321,310.66** *

* Within the framework of the calculation of the finance fund, liabilities to banks are considered insofar as these are current account liabilities.

Current account liabilities	0.00
Loan liabilities	0.00
Other financing	- 1,633,092.22
Liabilities to banks	- 1,633,092.22

DALDRUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR FROM
1 JANUARY TO 31 DECEMBER 2024

GENERAL DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Group parent company, Daldrup & Söhne AG, based in Oberhaching, is a provider of drilling and environmental services.

Daldrup & Söhne AG is entered in the commercial register of Munich District Court under HRB 187005. It is a company which was set up in Germany as a public limited company and with its registered office in 82041 Oberhaching, Bajuwarenring 17a.

Where it is possible to exercise options with regard to disclosures in the consolidated balance sheet, the consolidated income statement or the notes to the consolidated financial statements, it was chosen to make comments in the balance sheet or in the income statement. The Consolidated Assets Schedule is shown on the last page of the Consolidated Notes.

According to Section 290(1) HGB in connection with Section 293(1) HGB, the company is not required to prepare consolidated financial statements. In this regard, this consolidated financial statement was prepared voluntarily.

CONSOLIDATION METHODS

The consolidated financial statement includes the parent company of all domestic and foreign subsidiaries under the control of Daldrup & Söhne AG insofar as their inclusion is not of subordinated importance for showing the asset, financial and earnings situation of the group.

The annual financial statements of subsidiary companies are prepared on the same balance sheet date as the annual financial statements of the parent company, using standard accounting policies.

The effects of intercompany transactions are eliminated. Receivables and liabilities between the companies involved are consolidated.

CONSOLIDATED ENTITIES

In addition to the parent company, 2 domestic and 2 foreign subsidiaries are included in the Consolidated Financial Statements as at 31 December 2024 (same as in the previous year). 2 subsidiaries are not included in the consolidation. Overall, the consolidation scope is composed as follows:

NAME AND REGISTERED OFFICE OF THE COMPANY	Capital Direct	Capital Share	Type of involvement
Parent company:			
Daldrup & Söhne AG, Oberhaching			
Subsidiaries:			
Daldrup Bohrtechnik AG, Rothenburg / Switzerland	100.00		F
D&S Geothermie GmbH, Grünwald, Germany	100.00		F
Daldrup Wassertechnik GmbH, Ascheberg, Germany	100.00		F
GERF B.V., Honselersdijk, The Netherlands		100.00	F
Geothermie Neuried Verwaltungs GmbH, Ascheberg, Germany		100.00	N
Geothermie Neuried GmbH & Co KG, Ascheberg, Germany		100.00	N

The subsidiaries marked with "F" were included by means of full consolidation.
The subsidiaries marked with "N" were not included in the Consolidated Annual Financial Statement.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of the foreign subsidiary are translated at the mid-spot exchange rates on the balance sheet date and income statement items at the average exchange rates for the year. The parts of equity to be included in the capital consolidation as well as the retained profits and accumulated losses brought forward are translated at historical exchange rates. Any differences in the balance sheet to which this gives rise are recognized directly in equity as 'currency translation adjustments'.

FOREIGN CURRENCY CONVERSION	Exchange rate EUR 1 =	Annual average price as at 31/12/2024	Closing rate as at 31/12/2024
Swiss francs	CHF	1.04976	1.06247

ACCOUNTING POLICIES

The preparation of the consolidated financial statements were based on the going concern principle.

ASSETS

Acquired intangible fixed assets and fixed assets have been recognised at cost and, if liable to depreciation / amortisation, have been reduced by scheduled depreciation/amortisation.

Depreciation is calculated linearly according to the expected useful life. Low-value assets between EUR 250.00 and EUR 1,000.00 are entered in a collective item and amortised linearly over a period of 5 years. Assets under EUR 150.00 are recorded directly as expenses.

The loans and shares in affiliated companies are balanced at nominal value. Where necessary, depreciation and amortisation is carried out at the value to be settled lower on the balance sheet reporting date.

Extraordinary depreciation and amortisation of fixed assets was made where a permanent impairment exists.

Raw materials, consumables and supplies have been recognised at cost. If the daily values were lower on the balance sheet date, these values have been recognised.

Services in progress are generally measured by means of reverse costing from the order value, taking into account the degree of completion on the balance sheet date and a flat-rate deduction of 12.5 % for the share of profit not yet realised and non-capitalisable costs. If applicable, a devaluation to the lower fair value was recognised. On the other hand, standard abatements are not carried out for 'day rate orders' due to the basic service character of these orders, such that the margin shares are subsequently considered as sales revenues in the total output within the framework of the agreed billing system.

Receivables and other assets have been recognised at their nominal value. In the case of receivables, individual risks have been taken into account by means of adequately measured specific valuation allowances and the general credit risk of the parent company by means of appropriate flat-rate deductions of 1 %.

Cash in hand and credit balances at banks have been recognised at their nominal value. Balances in foreign currency are translated at the mean spot exchange rate on the balance sheet date.

The active accruals and deferred income includes expenditure before the deadline date which only become an expense in the following year.

LIABILITIES

Subscribed capital has been recognised at par value.

The calculated par value of acquired treasury shares has been deducted from subscribed capital on the face of the balance sheet.

The tax provisions and other provisions were formed for all other uncertain liabilities in the amount of the necessary fulfilment required after a sensible commercial evaluation. All identifiable risks have been taken into account here. If the liabilities were due after more than one year, maturity-matched discounting was carried out using the interest rates published by the Deutsche Bundesbank.

Liabilities have been recognised at their settlement amount.

Deferred income and accrued expenses include inflows before the balance sheet date which will only become income in the following year.

NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

I. BALANCE SHEET

FIXED ASSETS

The consolidated statement of changes in fixed assets as at 31 December 2024 is set out on the last page of the Notes.

The list of direct and indirect shareholdings of all long-term equity investments can be found on page 3.

SHARES IN AFFILIATED COMPANIES

There are the following indirect investments in affiliated companies which are not included in the consolidation scope, and are therefore shown as shares in affiliated companies in the Consolidated Balance Sheet:

SHARES IN AFFILIATED COMPANIES

NAME AND REGISTERED OFFICE OF THE COMPANY	Ownership share in %	Currency	Equity as at 31/12/2024 kEUR	Result for the last fiscal year kEUR
Geothermie Neuried GmbH & Co. KG, Ascheberg, Germany*	100.00	kEUR	- 125	- 7
Geothermie Neuried Verwaltungs GmbH, Ascheberg, Germany*	100.00	kEUR	3	- 1

*Values as at 31/12/2024

OTHER LOANS

Geox GmbH, Landau	kEUR 362
GVG-Grundstücksverwaltungs-GmbH & Co. KG	kEUR 243

The loans to geox GmbH were comprehensively subordinated as part of the sale of the Geysir Europe Group to a financing company in January 2020: Accordingly, Daldrup & Söhne AG's loan amount as well as the accrued interest and all associated rights rank below all current, future and conditional claims of all existing higher-ranking creditors and the financing company and its companies, as well as all claims, including distributions, interest claims and dividend claims of the financing company against the geox GmbH, Landau.

The valuation of these loans to geox GmbH has since been primarily based on a cash flow-based model, which in turn is based on planning assumptions regarding the cash flow returns of the Landau power plant company for the period up to 2026 as well as an earn-out agreement that is still in place. Defined by parameters set in 2019, the aforementioned agreement stipulates that an amount of approximately kEUR 2,000 needs to be paid to D&S Geothermie GmbH (= subsidiary of the reporting company) in the event of the future construction of another power plant and its successful operation. This was also reflected in the model.

The loan to geox GmbH was depreciated by kEUR 187 in the reporting year in accordance with the valuation model. Due to the shareholder change of geox GmbH, the loan is still expected to be repaid.

Due to the fact that the Taufkirchen power plant has not yet gone into operation and no payments have been received, the loan to Geysir Europe GmbH was fully impaired in fiscal year 2024 (kEUR 2,996).

CIRCULATING ASSETS

INVENTORIES

Payments received are openly deducted from inventories.

In fiscal year 2024, finished products and merchandise amounting to kEUR 1,250 (previous year: kEUR 3,683) were recognised. These are technology components that D&S Geothermie GmbH received as part of the purchase price for the disposal of the Geysir Europe Group and are supposed to be gradually sold. Finished goods were depreciated by kEUR 2,433 using the lower of cost or market principle [Section 253(4) HGB].

RECEIVABLES

As in the previous year, the remaining term of the receivables is up to one year.

OTHER ASSETS

OTHER ASSETS AS AT 31/12/2024 IN KEUR				
Description	Total amount	with a remaining term of **up to 1 year**	due after **more than one year**	Total amount in **previous year**
1. Loan receivables against affiliated companies	2,342	2,342	0	4,839
2. Purchase price claim from company share purchases	1,600	1,600	0	1,600
3. VAT receivables	329	329	0	276
4. Other	573	573	0	605
Total other Assets	**4,844**	**4,844**	**0**	**7,320**

3. contains the pre-tax receivables, which were first incurred in 2025 in the amount of kEUR 75.

Loan receivables against affiliated companies exist in relation to J. D. Apparate- und Maschinenbau GmbH, Ascheberg, Germany, in the amount of kEUR 2,342 (previous year: kEUR 4,839). There is a subordinate claim of kEUR 800 behind the claims of all other creditors of J. D. Apparate- und Maschinenbau GmbH.

EQUITY

Changes in equity are presented in the statement of changes in equity, which forms part of the consolidated financial statements.

SHARE CAPITAL

The share capital amounts to kEUR 5,989.5 (previous year: kEUR 5,989.5), which is divided into 5,989,500 bearer shares (previous year: 5,989,500) without a nominal amount (no-par-value shares). The approved capital as at 31 December 2024 was kEUR 2,994.75 (previous year: kEUR 2,994.75).

Treasury shares: The subsidiary Daldrup Bohrtechnik AG, Baar, holds 3,012 shares in Daldrup & Söhne AG, corresponding to EUR 3,012 of the share capital, or 0.1 %.

CAPITAL RESERVES
The capital reserve remains unchanged from the previous year at kEUR 15,954 (previous year: kEUR 15,954).

LEGAL RESERVE
The legal reserve pursuant to Section 150 of the German Stock Corporation Act amounts to kEUR 25, unchanged compared to the previous year.

OTHER REVENUE RESERVES
Other revenue reserves amount to kEUR 360 (previous year: kEUR 360).

CONSOLIDATED NET RETAINED PROFITS
For the previous fiscal year, the Management Board suggested that the annual surplus of the parent company be carried forward to the next accounting period.

For profit distribution purposes, it is generally not the Consolidated Balance Sheet profit, but rather the balance sheet profit from the parent company's individual annual financial statement. The balance sheet profit in Daldrup & Söhne AG's annual financial statement amounts to kEUR 1,919 as at 31 December 2024.

OTHER PROVISIONS

STATEMENT OF PROVISIONS AS AT 31/12/2024 IN KEUR					
Description	01/01/2024	Utilisation	Reversal	Allocations	31/12/2024
Personnel provisions	689	689	0	886	886
Global provision for warranties	345	0	100	0	245
Other provisions	1,708	1,479	27	542	744
Total other provisions	**2,742**	**2,168**	**127**	**1,428**	**1,875**

The global provision for guarantees was based on 0.5 % of the average revenue of the last five years.

This took into account a different weighting of the individual years as well as discounting.

LIABILITIES

SCHEDULE OF LIABILITIES AS AT 31 DECEMBER 2024 IN KEUR					
Type of liability	Total amount	due within **one year**	due within **one to five years**	due after **more than five years**	Total amount **Previous year**
1. Liabilities to banks	1,633	383	1,044	206	7,681
2. Trade payables	3,493	3,493	0	0	5,561
3. Liabilities to affiliated companies	19	19	0	0	0
4. Liabilities to related companies	978	303	675	0	1,213
5. Tax liabilities	745	745	0	0	978
6. Other liabilities from purchase of company shares	580	195	385	0	878
7. Remaining other liabilities	1,077	1,077	0	0	1,423
Total Liabilities	**8,525**	**6,215**	**2,104**	**206**	**17,734**

The **liabilities to banks** amount to kEUR 0.00 (previous year: kEUR 6,419) arising from the use of working capital loans and kEUR 1,633 (previous year: kEUR 1,262) from the financing of tangible fixed assets.

Approved current account, guarantee credit lines and other credit lines of the report company amount to a total of kEUR 21,500. With the long-term affiliated banks and guarantee credit providers of the report company, in May 2020 a security trust agreement to secure these by the transfer of ownership of drilling systems and machines, as well as inventories and debt assignment was concluded. The agreement contains a flexibility clause in favour of the report company with regard to future project financing lines. The overall lines include the emergency credit line from a creditor in the amount of kEUR 5,000, which is also hedged by the mortgaging of bank credit of kEUR 500.

The **liabilities to affiliated companies** consist of other liabilities to Geothermie Neuried GmbH & Co. KG, Ascheberg, totalling kEUR 19.

The liabilities **to affiliated companies** relate to the granting of a loan by GVG-Grundstücksverwaltungs-GmbH & Co. KG, Erfurt, in the amount of kEUR 978 plus accrued interest.

The **other liabilities** include liabilities from wages and salaries (kEUR 406), loans to members of the Management Board (kEUR 28) and other (kEUR 643).

II. INCOME STATEMENT

The total cost format was selected for the Income Statement.

The **sales revenues** of the group can be broken down as follows:

DIVISION OF REVENUE INTO AREAS OF ACTIVITY IN KEUR Business unit	2024	Share in %	2023	Share in %
Raw Materials / Exploration	25,073	46 %	20,440	42 %
Geothermal energy	23,536	44 %	26,115	53 %
EDS	4,534	8 %	1,662	3 %
Water procurement	971	2 %	900	2 %
Total	**54,114**	**100 %**	**49,117**	**100 %**

TURNOVER SPREAD BY MARKET GEOGRAPHY IN KEUR Business unit	2024	Share in %	2023	Share in %
Domestic	49,931	92 %	39,593	81 %
Foreign	4,183	8 %	9,524	19 %
Total	**54,114**	**100 %**	**49,117**	**100 %**

Due to the long-term project agreements, the sales revenue only present an incomplete picture of the performance during the fiscal year. Therefore, the overall performance is additionally stated as kEUR 50,651 (corresponding to 92.8 %) domestically (previous year: kEUR 37,640 / 77.8 %) and kEUR 3,941 (7.2 %) abroad (previous year: kEUR 10,767 / 22.2 %). The domestic total total output includes capitalised personal contributions totalling kEUR 266.

Other operating income is broken down as follows:

OTHER OPERATING INCOME	2024	2023
Income from dissolution of reserves (outside period)	kEUR 195	kEUR 78
Income from currency differences	kEUR 66	kEUR 192
Insurance compensation	kEUR 34	kEUR 327
Income from the reduction of liabilities	kEUR 0	kEUR 451
Income from the reduction of specific bad debt allowances	kEUR 0	kEUR 355
Other income	kEUR 154	kEUR 350
Total	**kEUR 449**	**kEUR 1,753**

Other operating expenses are broken down as follows:

OTHER OPERATING EXPENSES	2024	2023
Repairs and maintenance	kEUR 1,743	kEUR 1,442
Advertising, travel, employee accommodation	kEUR 1,169	kEUR 1,311
Legal and consultancy costs	kEUR 1,005	kEUR 867
Cost of premises	kEUR 769	kEUR 609
Insurance policies and contributions	kEUR 676	kEUR 659
Hire for movable assets	kEUR 614	kEUR 1,430
Vehicle costs	kEUR 531	kEUR 743
Workshop costs	kEUR 422	kEUR 300
Licence fees	kEUR 350	kEUR 350
Spoil and waste removal	kEUR 123	kEUR 1,214
Expenses from currency differences	kEUR 57	kEUR 170
Individual valuation allowances and losses of receivables	kEUR 0	kEUR 13
Construction site costs	kEUR 0	kEUR 1,109
Other	kEUR 2,236	kEUR 2,969
Total	**kEUR 9,695**	**kEUR 13,186**

The unplanned depreciation and amortisation on the financial assets amount to kEUR 3,702 (previous year: kEUR 911).

The depreciation results from a revaluation of the subordinated loan receivables from Geysir Europe GmbH (kEUR 2,996), geox GmbH (kEUR 187), GeoWeb Californie B.V. (kEUR 500) and Others (kEUR 19).

III. OTHER DISCLOSURES

OTHER FINANCIAL OBLIGATIONS

Daldrup & Söhne AG has other financial obligations arising from rental and lease agreements totalling kEUR 270. The obligations in the amount of kEUR 241 have terms of up to one year and terms of between one and five years in the amount of kEUR 29. Furthermore, obligations arising from a licence agreement exist in the amount of kEUR 2,600, of which kEUR 350 is payable within one year, kEUR 1,400 within a period of between one to five years and kEUR 850 after five years.

The total amount of other financial obligations of the group thus amounts to kEUR 2,870, of which payable:
• due within one year: kEUR 591
• due between one and five years: kEUR 1,429
• due within more than five years: kEUR 850

HEDGING OF FOREIGN CURRENCY RISKS / VALUATION UNITS

According to the reporting company's risk policy, arising foreign currency risks of the report company and its subsidiaries, which are of significant importance for the economic development, are to be promptly secured by the reporting company through suitable forward foreign-exchange contracts in advance of the conclusion of a contract, however no later than without undue delay after the occurrence thereof in the same currency and term, at least in the amount of 90 % of the identified foreign currency risk.

In fiscal year 2024, no further hedging related to underlying transactions of foreign currency risks took place with banks for fiscal years 2024 to 2026. As at 31 December 2024, seven valuation units still existed with the following parameters:

Underlying transaction/ hedging instrument	Risk/type of valuation unit	Amount collected	Amount of hedged risk	Hedging time frame
Hedging of the report company of incoming payments of a subsidiary from drilling orders in a third country/forward exchanging dealing with term options (7 transactions)	Currency risk/ micro hedge	kCHF 6,313	kCHF 6,313	19/11/2024 (earliest start date) 16/11/2026 (latest end date)

The reciprocal payment flows in accordance with the above table between the underlying transaction and the hedge are expected to cancel each other out in full during the hedging time frame as significant items of the same amount and same currency and term are hedged by way of forward exchange contracts. By the annual financial statement reporting date, the contrary value changes / payment flows arising from underlying and hedging transactions were fully settled. To measure the activity of the hedging relationship, the "critical terms match method" is used. In the first quarter of fiscal year 2025, two forward exchange transactions were partially swapped as the incoming payments were not received as planned. These swaps resulted in exchange rate losses totalling kEUR 35, which will be offset proportionately in fiscal year 2025.

AUDITOR'S TOTAL FEE

The fee for financial statement audit services charged by Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, for fiscal year 2024 is kEUR 144, kEUR 41 of which relates to the previous year. This is attributable to audits of the financial statements.

PROPOSED APPROPRIATION OF PROFITS

The Management Board proposes carrying forward the balance sheet profit of the parent company to the next accounting period.

OTHER MANDATORY DISCLOSURES

NAMES OF MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

During the past fiscal year, the following persons were members of the **Management Board**:

Name, role	Areas of responsibility
Andreas Tönies Chairman of the Management Board	Capital market, project development and project management of deep drilling projects, purchasing, investments, legal affairs
Dipl.-Ing. Bernd Daldrup, Master's degree in engineering Member of the Management Board	Drilling technology and technology in general, project management and implementation, personnel
Stephan Temming (until 31 July 2024) Member of the Management Board	Finance incl. financial and budget planning, controlling, investor relations and capital market
Dipl.-Ing. Karl Daldrup, Master's degree in engineering Member of the Management Board	Projects involving shallow and medium-depth geothermal energy, general drilling technology, contract management including claims management, digitalisation

The following were members of the **Supervisory Board**:

Name, role	Administrative, management or supervisory board mandates or partnerships
Josef Daldrup Chairman of the Supervisory Board	Merchant Delegate of the Administrative Board of Daldrup Bohrtechnik AG, Rothenburg / Switzerland
Heinrich Goßheger	Retired bank director none
Wolfgang Bosbach	Lawyer Member of the Signal Iduna Supervisory Board Allgemeine Versicherung AG, Dortmund
Dr Michaela Daldrup-Arnold	Project manager none

REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The total remuneration paid to the Management Board for its work in fiscal year 2024 amounted to kEUR 867.

The total remuneration paid to the Supervisory Board for its work in fiscal year 2024 amounted to kEUR 100.

There is a clearing account with the former Chairman of the Management Board and current Chairman of the Supervisory Board, Mr Josef Daldrup, which shows a receivable from the reporting company of kEUR 2 (previous year: kEUR 11) as at 31 December 2024. Interest on the clearing account is charged at 6.0 % annually.

Liabilities exist towards the board members in the amoun of a total of kEUR 28 (previous year: kEUR 54).

AVERAGE NUMBER OF EMPLOYEES DURING THE CURRENT YEAR

The following groups of staff were employed in the Company on average during the fiscal year:

GROUPS OF STAFF	2024	2023
Labourer	135	116
Salaried employees	15	14
Part-time employees	2	3
Total	**152**	**133**

Oberhaching, 23 May 2025

Daldrup & Söhne AG
The Management Board

Andreas Tönies
(CEO)

Bernd Daldrup
(Board member)

Karl Daldrup
(Board member)

Appendix 1 to the Notes

GROUP STATEMENT OF ASSETS

GROUP STATEMENT OF ASSETS FOR THE FISCAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024

	ACQUISITION COSTS					
	As at 01/01/2024 EUR	Currency differences EUR	Additions EUR	Outgoings EUR	Transfers EUR	As at 31/12/2024 EUR
I. Intangible fixed assets						
1. Concessions, industrial property rights and similar rights and assets, as well as Licences for such rights and assets	93,364.30	0.00	0.00	- 2,963.90	72,722.90	163,123.30
2. Prepayments	142,448.40	0.00	153,919.00	- 72,722.90	0.00	223,644.50
	235,812.70	**0.00**	**153,919.00**	**- 75,686.80**	**72,722.90**	**386,767.80**
II. Property, plant and equipment						
1. Land and buildings	48,718.33	0.00	0.00	0.00	0.00	48,718.33
2. Technical equipment and machinery	29,547,172.73	0.00	2,278,878.92	- 0.50	0.00	31,826,051.15
3. Other plants, factory and office equipment	15,284,909.94	0.00	1,822,039.51	- 4,834,218.92	7,433.77	12,280,164.30
	44,880,801.00	**0.00**	**4,100,918.43**	**- 4,834,219.42**	**7,433.77**	**44,154,933.78**
III. Financial assets						
1. Shares in affiliated companies	2.00	0.00	0.00	0.00	0.00	2.00
2. Other loans	16,817,280.24	0.00	242,590.00	0.00	0.00	17,059,870.24
	16,817,282.24	**0.00**	**242,590.00**	**0.00**	**0.00**	**17,059,872.24**
	61,933,895.94	**0.00**	**4,497,427.43**	**- 4,909,906.22**	**80,156.67**	**61,601,573.82**

DEPRECIATION AND AMORTISATION					BOOK VALUES	
As at 01/01/2024 EUR	Exchange rate differences EUR	Additions EUR	Outgoings EUR	As at 31/12/2024 EUR	As at 31/12/2024 EUR	As at 31.12.2023 EUR
90,373.80	0.00	11,677.90	- 2,957.90	99,093.80	64,029.50	2,990.50
0.00	0.00	0.00	0.00	0.00	223,644.50	142,448.40
90,373.80	**0.00**	**11,677.90**	**- 2,957.90**	**99,093.80**	**287,674.00**	**145,438.90**
44,559.33	0.00	601.00	0.00	45,160.33	3,558.00	4,159.00
26,469,822.73	0.00	719,006.42	0.00	27,188,829.15	4,637,222.00	3,077,350.00
12,121,664.94	0.00	855,727.78	- 4,702,953.42	8,274,439.30	4,005,725.00	3,163,245.00
38,636,047.00	**0.00**	**1,575,335.20**	**- 4,702,953.42**	**35,508,428.78**	**8,646,505.00**	**6,244,754.00**
0.00	0.00	0.00	0.00	0.00	2.00	2.00
12,771,377.24	0.00	3,683,440.00	0.00	16,454,817.24	605,053.00	4,045,903.00
12,771,377.24	**0.00**	**3,683,440.00**	**0.00**	**16,454,817.24**	**605,053.00**	**4,045,905.00**
51,497,798.04	**0.00**	**5,270,453.10**	**- 4,705,911.32**	**52,062,339.82**	**9,539,234.00**	**10,436,097.90**

INDEPENDENT AUDITOR'S REPORT

To Daldrup & Söhne Aktiengesellschaft, Oberhaching, Germany

AUDIT OPINIONS

We have audited the consolidated financial statements of Daldrup & Söhne Aktiengesellschaft, Oberhaching, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2024 to 31 December 2024, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of Daldrup & Söhne Aktiengesellschaft, Oberhaching, for the financial year from 1 January 2024 to 31 December 2024. In accordance with German legal requirements, we have not audited the content of the other disclosures in the group management report on healthcare, environmental and quality standards. In our opinion, based on the knowledge gained during the audit.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January 2024 to 31 December 2024 in compliance with German Legally Required Accounting Principles, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the parts of the group management report listed in the appendix.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

OTHER INFORMATION

The executive directors and the supervisory board, respectively, are responsible for the other information. The other information comprises:

- the components of the Group management report mentioned in the section "Audit opinions" that were not audited in terms of content,

- the remaining parts of the management report, including the report of the Supervisory Board, which are expected to be made available to us after the date of this auditor's report,

- but not the consolidated financial statements, the audited disclosures in the group management report and our auditor's report thereon.

The Supervisory Board is responsible for the report of the Supervisory Board. Otherwise, the legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Furthermore, the legal representatives are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of internal control or these arrangements and measures.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming audit opinions on the group financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Düsseldorf, 23 May 2025

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Thorsten Esser	Carsten Carstens
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

FISCAL CALENDAR for Daldrup & Söhne AG

30 May 2025:	Publication of the consolidated financial statements and the annual report as at 31 December 2024
28 August 2025:	Ordinary Annual General Meeting 2025, Dortmund
2 September 2025:	Autumn conference, Frankfurt
30 September 2025:	Publication of interim consolidated financial statements as at 30 June 2025
12 November 2025:	MKK, München
24 - 26 November 2025:	Equity Forum, Frankfurt Airport

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The online version of this Annual Report is available at www.daldrup.eu.

Design and setting
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www.designrausch.eu