BRAHM PRECISION

ECONOMIC AND FINANCIAL ANALYSIS REPORT

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Financial Year 2025

1. Purpose and scope

The purpose of this report is to analyse the economic, financial and equity position of the Company for the financial year ended on **31 December 2025**, based on the Annual Accounts, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements. The accounts were prepared by the Directors on 30 March 2026.

The Company carries out its activity mainly in the **manufacture of engine components, assemblies and spare parts for vehicles**, as well as related warehousing and distribution services.

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2. Executive summary

The 2025 financial year presents a **reasonably solid financial position from an equity perspective**, although certain areas require monitoring.

The main points identified are:

- Revenue decreases by **6,79 %**, from 23,63 M€ to 22,03 M€.
- Despite the reduction in sales, **operating profit increases by 5,28 %**, to 843.321 €.
- Net profit decreases by **9,50 %**, to 315.110 €.
- The operating margin improves from 3,39 % to **3,83 %**.
- Equity increases to **14,97 M€**, representing approximately **51,8 % of total assets**.
- Current liquidity deteriorates considerably: current assets cover approximately **91 % of current liabilities**, compared with almost 100 % in 2024.
- Working capital moves from an almost balanced position in 2024 to **-922.551 € in 2025**.
- Cash increases by **17,3 %**, to 962.579 €.
- Inventories increase by approximately **18 %**, which should be monitored against the trend in sales.
- Total financial debt increases, although long-term financial debt decreases significantly.

- The Company states that credit and liquidity risks remain under control and that it has the financial support of the majority shareholder.

Executive conclusion: 2025 shows an improvement in operating efficiency, but at the same time greater short-term pressure. The main financial issue to monitor is therefore **liquidity and working capital management**.

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3. Analysis of the income statement

Item	2025	2024	Change
Revenue	22.029.019 €	23.633.615 €	-6,79 %
Operating profit	843.321 €	801.053 €	+5,28 %
Profit before tax	413.220 €	478.509 €	-13,64 %
Net profit	315.110 €	348.169 €	-9,50 %

The figures are taken from the income statement included in the Annual Accounts.

3.1. Sales

Revenue decreases by approximately **1,60 M€**.

The geographical breakdown is particularly significant:

- Spain: 5,27 M€, compared with 7,45 M€.
- European Union: 7,06 M€, compared with 7,59 M€.
- Rest of the world: 9,70 M€, compared with 8,59 M€.

The business therefore shows a greater relative orientation towards international markets, particularly the rest of the world.

In addition, sales of finished products remain at high levels, while tooling sales decrease substantially, from 1,28 M€ to 562.036 €.

3.2. Purchases and supplies

Purchases and supplies decrease from 13,78 M€ to 12,76 M€, a reduction of approximately 7,35 %, slightly greater than the decrease in revenue.

This contributes positively to the development of operating profit.

3.3. Personnel expenses

Personnel expenses amount to 5,41 M€, compared with 5,58 M€ in 2024, a reduction of close to 2,9 %.

The reduction in personnel expenses occurs despite the average workforce increasing slightly, from 158 to 162 employees.

This is a favourable aspect from a productivity perspective.

3.4. Operating profit

Operating profit increases to **843.321 €**, compared with 801.053 € in 2024.

The operating margin changes approximately from:

2024: 3,39 % → 2025: 3,83 %

Therefore, although the Company sells less, it improves its ability to generate operating profit.

This is one of the main positive aspects of the financial year.

3.5. Financial result

The financial result places significant pressure on profit.

Finance costs on liabilities measured at amortised cost amount to 343.357 €, although they decrease from 451.135 € in 2024.

As a result, the operating improvement does not fully translate into net profit due, among other factors, to the financial effect.

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4. Balance sheet analysis

Item	2025	2024
Total assets	28.896.890 €	28.110.298 €
Equity	14.969.703 €	14.764.558 €
Current assets	9.452.773 €	7.902.557 €
Current liabilities	10.375.324 €	7.905.042 €
Cash	962.579 €	820.389 €

The balance sheet figures are included in the Annual Accounts.

4.1. Solvency

Equity represents approximately:

51,8 % of total assets.

This is a significant capital structure, since approximately half of the assets are financed by equity.

Equity increases from 14,76 M€ to 14,97 M€, mainly as a result of the profit generated and the movement in reserves.

4.2. Liquidity

The current ratio is:

Current assets / Current liabilities = 0,91

compared with almost **1,00 in 2024**.

Therefore, the short-term position deteriorates.

Working capital changes from approximately:

-2.485 € in 2024 → -922.551 € in 2025.

This is probably the main financial indicator that should be monitored by Management.

Nevertheless, the Company states that it has sufficient financing and that the financial support of the majority shareholder reduces liquidity risk.

4.3. Cash

Cash increases from 820.389 € to **962.579 €**, approximately 17,3 %.

This trend is positive, although the increase in cash should be assessed together with the strong growth in current liabilities.

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5. Debt

Long-term financial liabilities amount to 2,82 M€, compared with 4,48 M€ in 2024.

Conversely, short-term financial liabilities increase to 10,13 M€, compared with 7,65 M€.

This indicates a significant shift in debt towards the short term.

The Company also has financing facilities with a granted limit of 4,35 M€, of which 3,04 M€ was drawn and 1,31 M€ remained available at year-end.

Interest rate risk

Most of the debt is linked to Euribor. The Company states that it does not expect a significant risk and reports that Euribor moved from 2,436 % at the beginning of 2025 to 2,267 % at year-end.

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6. Inventories and working capital

Inventories increase from 3,59 M€ to 4,24 M€, approximately 18 %.

This increase is particularly relevant because it occurs in a financial year in which revenue decreases by 6,8 %.

We therefore recommend analysing:

- raw material turnover;
- finished goods turnover;
- obsolete inventories;
- order coverage;
- stock trend in relation to sales.

The notes to the financial statements report inventory impairment allowances of 25.145,52 €.

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7. Financial risks

The Company identifies three main risks:

Credit risk

The Company considers this risk to be controlled, as there is no significant concentration in one or a few customers and the customers are industrial groups considered solvent.

Liquidity risk

The Company states that it has the financial support of the majority shareholder and sufficient financing facilities.

Market risk

Mainly related to interest rates and, to a lesser extent, foreign exchange. The Company considers exchange-rate risk to be immaterial.

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8. Financial conclusions

Strengths

1. Equity above 14,9 M€.
2. Equity equivalent to 51,8 % of total assets.
3. Improvement in operating profit.
4. Improvement in operating margin.
5. Increase in cash.

6. Reduction in finance costs compared with 2024.
7. Geographical diversification of sales.
8. Availability of financing facilities.
9. Financial support from the majority shareholder.

Areas to monitor

1. 6,8 % decrease in revenue.
2. Negative working capital of 922.551 €.
3. Increase in current liabilities.
4. Greater concentration of debt in the short term.
5. 18 % increase in inventories.
6. Reduction in net profit.
7. Dependence on financing linked to Euribor.
8. Need to maintain adequate conversion of operating profit into cash flow.

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