Nicolás Correa, S.A.
and Subsidiaries

CONSOLIDATED INTERIM MANAGEMENT REPORT

For the period from 1 January 2026 to 30 June 2026

1. Business performance and results.

1.1 Significant events in the first half of the year and the economic environment

The economic environment in the first half of 2026 was once again characterised by high geopolitical uncertainty and a deterioration in the international context, due in particular to the outbreak of war in the Middle East at the end of February 2026, ongoing trade tensions between the major economic powers, and increased volatility in the energy and financial markets. Despite this, the global economy has continued to demonstrate remarkable resilience, maintaining positive growth rates, albeit at a more moderate pace than in recent years.

After several years of adapting to an environment characterised by high inflation, monetary tightening and supply chain disruptions, global economic activity began 2026 buoyed by strong consumer spending in the major economies and relatively favourable financial conditions. However, the deterioration in the geopolitical landscape during the first quarter of the year has dampened growth expectations and led to greater caution amongst businesses and investors.

Against this backdrop, the main international organisations are in agreement that the global economy is set to experience a moderate slowdown. The International Monetary Fund estimates global growth of 3.1 per cent for 2026, whilst the OECD puts its forecast at around 2.9 per cent, reflecting the impact of uncertainty, rising energy costs and less favourable trade conditions. Although these figures continue to show growth, they remain below the historical levels seen before the pandemic and point to a less dynamic economic environment.

On the price front, the disinflationary trend that began in previous financial years has continued, albeit at a slower pace than expected. The rise in the prices of oil, gas and other strategic commodities, triggered by tensions in the Middle East, has generated fresh inflationary pressures, forcing central banks to adopt a cautious stance regarding interest rate cuts. International forecasts put global inflation at around 4 per cent for 2026, with significant differences between regions and economies.

For industrial companies, the current environment continues to present significant challenges. Volatility in energy costs, uncertainty regarding demand trends, geopolitical tensions and increasing requirements for sustainability and digitalisation are forcing companies to strengthen their operational flexibility. In this environment, innovation, efficiency, market diversification and adaptability will remain key factors in maintaining competitiveness and capitalising on growth opportunities that may arise in an increasingly complex and interconnected global economy.

Key indicators

The Correa Group has closed the first half of 2026 with **consolidated turnover of 63.4 million euros**, compared with the **57.7 million euros** recorded in the same period of the previous financial year, representing an increase of close to 10 per cent. This increase is due to the inclusion of Correa Kunming within the scope of consolidation; this company had previously been classified as an associate. As a result of this change, the half-year financial figures include, for the first time, all of that company's revenue, expenses, assets and liabilities. On a like-for-like basis, and excluding the effect of the inclusion of Correa Kunming, the Group's turnover would have remained at levels similar to those achieved in the first half of the previous year.

Consolidated EBITDA reached **7.5 million euros** in the first half of 2026, compared with the 8.4 million euros recorded in the same period of 2025. This trend is mainly attributable to the rise in certain fixed costs and the growing complexity of an increasingly competitive market, factors which have placed greater pressure on margins, despite efforts to contain costs. In relative terms, **EBITDA represents around 12 per cent of ordinary revenue**, a level that remains among the highest in the sector. Despite this challenging environment, the Correa Group continues to demonstrate a remarkable ability to maintain its operational efficiency and sustain solid levels of profitability.

Profit before tax reached **7.2 million euros** in the first half of 2026, compared with the 7.9 million euros recorded in the same period of 2025. This performance has been influenced by the negative impact of exchange rates, which has affected both the fair value measurement of derivative instruments and exchange differences, resulting in a net financial expense of €0.5 million, compared with the net financial income of €0.2 million recorded in the first half of the previous financial year. Furthermore, the acquisition of control of Correa Kunming and the subsequent fair value measurement of the previously held stake resulted in the recognition of an extraordinary profit of 1.9 million euros. As a result, BAI's return on revenue stands at 11.4 per cent, remaining at very solid levels.

Consolidated net profit reached **€6.4 million** at the end of the first half of 2026, compared with €6.2 million recorded in the same period of the previous financial year, representing an **increase of 2.5 per cent.** Consequently, net profit margin stood at 10 per cent, consolidating levels of profitability that continue to stand out within the sector.

In addition to these financial results, the company has posted outstanding commercial figures. **Cumulative order intake** as at 30 June 2026, including intra-group orders, totalled **93.8 million euros**, representing a **57 per cent** increase on the **59.7 million euros** recorded in the same period of the previous financial year. The inclusion of orders secured by Correa Kunming has contributed to this growth; however, on a like-for-like basis, the increase stood at **44** per cent.

As at that date, the Group had an **order book**, including intra-group orders, of **126.5 million euros**, compared with **87.3 million euros** at the end of the previous financial year, representing an increase of **45** per cent. On a like-for-like basis with the previous financial year, growth stood at **30** per cent.

This increase reflects the strong demand in the markets in which the Correa Group operates and highlights the continuity of its sustained growth.

2. Liquidity and capital resources

The Group's financial strength continues to be underpinned by a high level of liquidity and fully manageable debt levels. This situation, combined with the existence of available and undrawn credit facilities and export discount facilities, ensures an adequate capacity to respond to any financial needs or short-term cyclical risks.

The Group's liquidity as at 30 June 2026 stands at **41.5 million euros**, comprising 36.2 million euros in cash and cash equivalents and 5.3 million euros in undrawn credit facilities (excluding the equally available and unused export discount facilities). This liquidity position provides more than **6.4 times** the coverage for short-term financial debt maturities.

The Group's net financial debt has fallen from –€9.3 million at the end of 2025 to **–€15.9 million** as at 30 June 2026, strengthening its net cash position. This improvement is primarily attributable to the net cash position contributed by Correa Kunming, as well as the Group's robust generation of operating cash flow during the period.

3. Key Risks and Uncertainties

3.1 Operational Risks

The global economic environment continues to be characterised by a high level of uncertainty, exacerbated by the conflict that broke out in the Middle East in early 2026. This event has increased volatility in commodity markets, inflation expectations and financing conditions, affecting the outlook for global economic growth.

Against this backdrop, adverse risks continue to predominate. Although an escalation of geopolitical tensions has already materialised, a prolongation or worsening of the current conflicts could cause further disruptions in international energy markets, affect global supply chains and place additional pressure on business costs.

Volatility in energy prices continues to represent a significant risk factor for business activity. Fluctuations in the prices of electricity, gas and other fuels can lead to significant increases in production and operating costs, which could adversely affect companies' profit margins and competitiveness.

Furthermore, the trend in inflation remains one of the main sources of uncertainty. Although a certain moderation in inflation rates has been observed in various economies compared with the peak levels reached in previous years, pressures persist due to energy volatility, geopolitical tensions, supply chain disruptions and rises in certain labour and financial costs. Persistently high inflation could lead to higher operating costs, a reduction in corporate profit margins and a decline in the capacity of households and businesses to consume and invest.

Furthermore, there remains a risk of a resurgence in international trade disputes and the adoption of protectionist measures that could hamper trade flows and affect the availability and cost of certain strategic raw materials and components essential to economic activity.

However, there are also factors that could contribute positively to economic growth in the coming years. Among these, the boost to investment linked to artificial intelligence and digital transformation stands out; the gradual adoption of these technologies could lead to significant increases in productivity, improve operational efficiency and generate new business opportunities. Furthermore, the increase in public defence spending resulting from the current geopolitical context could have a positive effect on economic activity in the short term in certain sectors and regions.

In this complex and changing environment, the Company continuously monitors developments in the main macroeconomic, geopolitical and sector-specific risks, with the aim of taking the necessary measures to preserve its financial stability, operational capacity and long-term profitability.

3.2 Financial Risks

Interest Rate Risks

The most likely scenario is that interest rates will remain at relatively high levels over the coming months, although a gradual easing is expected as inflation continues to move closer to the 2 per cent target. However, the ongoing conflict in the Middle East and the volatility of energy prices have increased uncertainty regarding the pace and extent of this normalisation process.

Part of the Group’s financial liabilities is exposed to the risk arising from possible increases in interest rates. Furthermore, changes in interest rates affect interest-bearing financial assets, particularly short-term investments of cash surpluses. Fluctuations in interest rates can influence both the cost of funding and the returns generated by these financial assets.

A potential rise in interest rates would increase the Group’s financing costs, whilst a prolonged fall in rates could limit the income generated from cash management. It is therefore essential to maintain active liquidity management and an appropriate diversification of financial instruments, in order to mitigate the impact of possible changes in market conditions.

However, the Group has limited exposure to this risk thanks to its sound financial position, controlled levels of debt and a balanced short- and long-term funding structure; these factors help to reduce the potential impact of interest rate fluctuations on its financial position and results.

Foreign exchange risk

The Group operates internationally and may therefore be exposed to foreign exchange risk arising from transactions in foreign currencies as a result of our commercial activities worldwide. However, the Group’s policy is to minimise the exchange rate risk on these transactions through forward foreign exchange contracts; in this way, we ensure the stability of sales margins at the time an order is received in a currency other than the euro, regardless of exchange rate movements.

Liquidity risk

The Group manages liquidity risk prudently, based on maintaining sufficient cash and marketable securities, the availability of funding through a sufficient amount of committed credit facilities, and the ability to settle market positions. The Group aims to maintain flexibility in its funding by holding a moderate amount of undrawn committed credit facilities, to be utilised, when necessary, should the need arise.

4. Significant events occurring after the end of the financial year

On 17 July 2026, following the end of the period ended 30 June 2026, Nicolás Correa, S.A., the parent company of the Correa Group, acquired 100 per cent of the share capital of **Design & Technical Services (UK) Limited**, a company which has acted as the Group's commercial agent in the United Kingdom for the past 30 years.

At the date of preparation of this half-yearly report, the Company is in the process of determining the fair value of the assets acquired and the liabilities assumed; consequently, it is not possible to reliably estimate the amount of goodwill that may arise from this business combination. However, given its scale, the acquisition is not expected to significantly alter the Group's consolidated figures.

As the transaction was finalised after the end of the reporting period and the circumstances giving rise to it did not exist as at 30 June 2026, this is considered a post-balance-sheet event that does not require any adjustment; consequently, the figures included in this half-yearly report have not been amended.

5. Executive Summary and Forecast for the Group

The Correa Group began the 2026 financial year with the dual objective of, on the one hand, maintaining the level of activity and, on the other, regaining the commercial results of previous years that would enable us to continue on the path of expansion planned for the Group. We have reached the halfway point of the year having met both targets, which enables us to ensure we maintain the planned pace of investment in the Group's various companies, investments that are essential for continuing to work towards a future of growth.

In recent years, we have seen how various industrial sectors are undergoing significant structural changes, focusing all their efforts on the pursuit of efficiency to create more demanding production environments that guarantee their continued existence in an increasingly competitive and dynamic world. The Correa Group, from its own position of change and evolution—which is requiring a significant investment effort to remain at the forefront of technology and production—is establishing itself as a leading supplier for the most demanding production environments.

The expansion of Nicolás Correa's facilities is practically complete, and the new Machining subsidiary continues to make progress; we hope that by the end of this financial year we will be able to begin installing the various machines and equipment. Whilst we remain operationally constrained by the various works in progress, having more usable floor space has enabled us to improve considerably. We have practically doubled the floor space of our assembly workshop, adding a further 5,000 square metres, but above all we have increased our vertical capacity, which enables us to undertake larger-scale projects, from a physical, technological and economic perspective.

The 2026 financial year is also proving to be a year of significant commercial investment. Putting the customer and their needs at the centre is, now more than ever, a key distinguishing feature of our business model. The customisation of our product to meet the specific needs of each customer – transforming us from a mere supplier into a partner in their process of changing their production model – is the competitive advantage they value most highly. An integrated management model in which all processes, both operational and production-related, are aligned with the customer's ultimate objective is a priority within our organisation. Our close relationship with the customer throughout the machine's entire life cycle defines us, and our local subsidiaries are a key tool for delivering this service to the highest standard. A fifth subsidiary has now joined our existing sales subsidiaries in the US, China, India and Germany. In July this year, we acquired DTS, a company that had previously been our agent in the United Kingdom; it has now become a subsidiary of the Correa Group following its acquisition by Nicolás Correa. With this move, we are consolidating our presence in the UK, a market that has been gaining ground in our sales in recent years, as it is a well-established market in the defence sector, which is currently one of the economic drivers both in Europe and the rest of the world.

Meanwhile, in China, we have regained control of Correa Kunming, a manufacturing company in which we previously held a 45 per cent stake, and now hold a 55 per cent stake, meaning it has once again become a subsidiary of ours. This is a significant investment from a strategic point of view, as it will enable us to serve the Chinese market from a local perspective, meeting the growing demand for domestic products amongst our existing customers, whilst also allowing us to reach new customers who, in turn, will require imported products. The remaining 45 per cent is still held by our Chinese partner, Smartech, with whom we have been working for over 20 years; they continue to lead the day-to-day management of the company in accordance with our policies and principles.

Commercially, three distinct geographical areas stand out: Europe, which remains our main market; the US, whose importance is growing year on year; and Asia, where, on the one hand, there is China – which, despite its increasingly restrictive policies on imported goods, continues to play a significant role – and, on the other hand, emerging countries such as Indonesia, Singapore and Malaysia, which are gradually becoming industrialised. India continues to perform well, albeit with characteristics specific to the country.

In terms of sectors, defence and aeronautics remain the most significant, as they have been in recent financial years. Added to these is the semiconductor sector, where new opportunities are emerging; we are developing specific applications for these that we hope will open up a new market niche for us. These sectors demand, above all, machines with high added value, featuring highly diverse and complex configurations, and they also require high-precision accuracy, which is making our mix of manufactured machines increasingly complex and raising the average price of our best-selling machine. We are evolving towards the manufacture of machines that are no longer just milling machines; they are multifunctional machines, complex machining centres featuring high technology at both the mechanical and software levels. Fortunately, we have teams at various points along the value chain who are well-trained, open to learning and, above all, possess the necessary commitment to keep pace with market demands, enabling us to establish ourselves as a benchmark in all these sectors.

Our industrial subsidiaries continue to perform well in 2026, focusing on improving production and processes to meet the needs of their customers, both within and outside the Group, guided by the principle of being profitable, high-quality suppliers – an objective common to all our industrial companies.

6. Acquisition and disposal of own shares.

On 11 March 2026, 75,000 shares in the Company, net of the corresponding tax effect, were transferred to the Chief Executive Officer in accordance with the share plan approved by the Annual General Meeting on 27 April 2023 as part of her long-term variable remuneration. The plan’s performance period ended on 31 December 2025, with 125 per cent of the established targets being met.

In addition, during the first half of 2026, Correa Service sold the 15,832 shares in Nicolás Correa, S.A. that it held in its portfolio, at an average selling price of 10.5 euros per share.

As a result of these transactions, as at 30 June 2026, the Group holds a total of 69,603 treasury shares.