SIFCO INDUSTRIES INC

FORM 10-Q
(Quarterly Report)

Filed 05/15/25 for the Period Ending 03/31/25

Address	970 E 64TH ST
	CLEVELAND, OH, 44103
Telephone	2168818600
CIK	0000090168
Symbol	SIF
SIC Code	3724 - Aircraft Engines and Engine Parts
Industry	Steel
Sector	Basic Materials
Fiscal Year	09/30

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number 001-05978

SIFCO Industries, Inc.
(Exact name of registrant as specified in its charter)

Ohio	**34-0553950**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
970 East 64th Street, Cleveland Ohio	**44103**
(Address of principal executive offices)	**(Zip Code)**

(216) 881-8600
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of “large accelerated filer”, “accelerated filer”, “non-accelerated filer”, “smaller reporting company”, and “emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	SIF	NYSE American

The number of the Registrant’s Common Shares, par value $1.00, outstanding at March 31, 2025 was 6,190,388.

Part I. Financial Information

Item 1. Financial Statements

SIFCO Industries, Inc. and Subsidiaries
Consolidated Condensed Statements of Operations
(Unaudited)
(Amounts in thousands, except per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
Net sales	$ 19,027	$ 20,515	$ 39,910	$ 35,989
Cost of goods sold	17,457	19,021	37,412	35,040
Gross profit	1,570	1,494	2,498	949
Selling, general and administrative expenses	2,351	2,819	5,191	5,922
Loss on disposal of operating assets	—	4	—	4
Operating loss	(781)	(1,329)	(2,693)	(4,977)
Interest expense, net	428	818	897	1,160
Foreign currency exchange loss (gain), net	1	(3)	(1)	1
Other expense, net	37	83	75	153
Loss from continuing operations before income tax expense	(1,247)	(2,227)	(3,664)	(6,291)
Income tax expense	75	5	80	11
Loss from continuing operations	(1,322)	(2,232)	(3,744)	(6,302)
(Loss) income from discontinued operations, net of tax	(70)	642	36	1,289
Net loss	$ (1,392)	$ (1,590)	$ (3,708)	$ (5,013)
Basic and diluted earnings (loss) per share:				
Basic and diluted loss per share from continuing operations	$ (0.22)	$ (0.38)	$ (0.62)	$ (1.05)
Basic and diluted (loss) earnings per share from discontinued operations	(0.01)	0.11	0.01	0.21
Basic and diluted loss per share	$ (0.23)	$ (0.27)	$ (0.61)	$ (0.84)
Weighted-average number of common shares (basic)	6,068	6,009	6,042	5,983
Weighted-average number of common shares (diluted)	6,068	6,009	6,042	5,983

See notes to unaudited consolidated condensed financial statements.

SIFCO Industries, Inc. and Subsidiaries
Consolidated Condensed Statements of Comprehensive Income (Loss)
(Unaudited)
(Amounts in thousands)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
Net loss	$ (1,392)	$ (1,590)	$ (3,708)	$ (5,013)
Other comprehensive income (loss):				
Foreign currency translation adjustment, net of tax	—	(128)	—	125
Reclassification of foreign translation adjustments to net loss	—	—	5,554	—
Retirement plan liability adjustment, net of tax	22	43	45	86
Other	—	—	(2)	1
Comprehensive (loss) income	$ (1,370)	$ (1,675)	$ 1,889	$ (4,801)

See notes to unaudited consolidated condensed financial statements.

SIFCO Industries, Inc. and Subsidiaries
Consolidated Condensed Balance Sheets
(Unaudited)
(Amounts in thousands, except per share data)

	March 31, 2025	September 30, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,922	$ 1,714
Receivables, net of allowance for credit losses of $154 and $117, respectively	14,544	17,272
Contract assets	11,010	10,745
Inventories, net	6,198	6,230
Refundable income taxes	13	13
Prepaid expenses and other current assets	4,412	2,382
Current assets of discontinued operations	—	15,967
Total current assets	38,099	54,323
Property, plant and equipment, net	24,285	26,261
Operating lease right-of-use assets, net	12,897	13,326
Goodwill	3,493	3,493
Other assets	55	357
Noncurrent assets of discontinued operations	—	6,864
Total assets	$ 78,829	$ 104,624
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt, net of unamortized debt issuance costs	$ 3,089	$ 353
Promissory note — related party	—	3,510
Revolver	8,959	20,142
Short-term operating lease liabilities	905	879
Accounts payable	11,033	11,574
Contract liabilities	2,768	2,879
Accrued liabilities (related party — nil and $880, respectively)	3,637	4,615
Current liabilities of discontinued operations	—	10,058
Total current liabilities	30,391	54,010
Long-term debt, net of current maturities	74	—
Long-term operating lease liabilities, net of short-term	12,611	13,035
Deferred income taxes, net	292	154
Pension liability	2,355	2,465
Other long-term liabilities	739	645
Noncurrent liabilities of discontinued operations	—	3,890
Commitments and Contingencies (Note 11)		
Shareholders' equity:		
Serial preferred shares, no par value, authorized 1,000 shares; zero shares issued and outstanding at March 31, 2025 and September 30, 2024	—	—
Common shares, par value $1 per share, authorized 10,000 shares; issued and outstanding shares 6,190 at March 31, 2025 and 6,158 at September 30, 2024	6,190	6,158
Additional paid-in capital	11,796	11,775
Retained earnings	14,173	17,881
Accumulated other comprehensive income (loss)	208	(5,389)
Total shareholders' equity	32,367	30,425
Total liabilities and shareholders' equity	$ 78,829	$ 104,624

See notes to unaudited consolidated condensed financial statements.

SIFCO Industries, Inc. and Subsidiaries
Consolidated Condensed Statements of Cash Flows
(Unaudited, Amounts in thousands)

	Six Months Ended March 31, 2025	Six Months Ended March 31, 2024
Cash flows from operating activities:		
Net loss	$ (3,708)	$ (5,013)
Income from discontinued operations, net of tax	36	1,289
Loss from continuing operations	(3,744)	(6,302)
Adjustments to reconcile net loss to net cash (used for) provided by operating activities:		
Depreciation and amortization	2,370	2,412
Amortization of debt issuance costs	93	352
Gain on disposal of operating assets	—	4
LIFO effect	(136)	351
Share transactions under company stock plan, net	54	122
Inventory valuation accounts	347	468
Deferred income taxes	138	(142)
Interest added to promissory note - related party (paid-in-kind)	27	106
Other short-term liabilities	10	—
Other long-term liabilities	1	144
Changes in operating assets and liabilities:		
Receivables	2,728	962
Contract assets	(264)	115
Inventories	(179)	(4,404)
Prepaid expenses and other current assets	(1,873)	379
Other assets	286	(18)
Accounts payable	(533)	2,907
Accrued liabilities	(181)	(440)
Contract liabilities	(110)	160
Accrued income tax and other	(4)	(84)
Net cash used for operating activities	(970)	(2,908)
Cash flows from investing activities:		
Capital expenditures	(263)	(1,155)
Net cash used for investing activities	(263)	(1,155)
Cash flows from financing activities:		
Payments on long-term debt	—	—
Proceeds from term loan	3,000	—
Payments on term loan	(250)	(61)
Proceeds from revolving credit agreement	54,589	44,319
Repayments of revolving credit agreement	(65,772)	(43,090)
Payment of debt issuance costs	(203)	(139)
Principal payments on capital lease obligations	(21)	—
Proceeds from promissory note — related party	—	3,000
Repayments of promissory note and related fees — related party	(4,417)	—
Net cash (used for) provided by financing activities	(13,074)	4,029
Cash flows from discontinued operations:		
Net cash used for operating activities	(57)	(2,441)
Net cash provided by (used for) investing activities	13,242	(1,906)
Net cash provided by financing activities	356	4,754
Effects of exchange rate changes on cash and cash equivalents	(35)	6
Net cash provided by discontinued operations	13,506	413
(Decrease) increase in cash and cash equivalents	(801)	379
Cash and cash equivalents at the beginning of the period	2,723	368
Less: Cash and cash equivalents from discontinued operations at the end of the period	—	529
Cash and cash equivalents from continuing operations at the end of the period	$ 1,922	$ 218

See notes to unaudited consolidated condensed financial statements.

SIFCO Industries, Inc. and Subsidiaries
Supplemental Disclosure of Cash Flow Information
(Unaudited, Amounts in thousands)

	Six Months Ended March 31,	
	2025	**2024**
Cash paid during the year:		
Cash paid for interest	$ (786)	$ (677)
Cash paid for income taxes, net	(16)	(19)
Non-cash investing and financing activities:		
Additions to property, plant & equipment — incurred but not yet paid	$ —	$ 136
Debt issuance costs — incurred but not yet paid	115	—
Accrued guaranty fees — related party	—	760
Origination fees capitalized to promissory note principal — related party	—	150
Interest added to promissory note — related party (paid-in-kind)	27	106

See notes to unaudited consolidated condensed financial statements.

SIFCO Industries, Inc. and Subsidiaries
Consolidated Condensed Statements of Shareholders' Equity
(Unaudited, Amounts in thousands)

Three Months Ended March 31, 2025

	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
Balance at January 1, 2025	6,147	$ 6,147	$ 11,778	$ 15,565	$ 186	$ 33,676
Comprehensive (loss) income	—	—	—	(1,392)	22	(1,370)
Performance and restricted share expense	—	—	67	—	—	67
Share transactions under equity-based plans	43	43	(49)	—	—	(6)
Balance at March 31, 2025	6,190	$ 6,190	$ 11,796	$ 14,173	$ 208	$ 32,367

Three Months Ended March 31, 2024

	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
Balance at January 1, 2024	6,160	$ 6,160	$ 11,609	$ 19,842	$ (6,364)	$ 31,247
Comprehensive loss	—	—	—	(1,590)	(85)	(1,675)
Performance and restricted share expense	—	—	84	—	—	84
Share transactions under equity-based plans	30	30	(30)	—	—	—
Balance at March 31, 2024	6,190	$ 6,190	$ 11,663	$ 18,252	$ (6,449)	$ 29,656

Six Months Ended March 31, 2025

	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
Balance at October 1, 2024	6,158	$ 6,158	$ 11,775	$ 17,881	$ (5,389)	$ 30,425
Comprehensive (loss) income	—	—	—	(3,708)	5,597	1,889
Performance and restricted share expense	—	—	87	—	—	87
Share transactions under equity-based plans	32	32	(66)	—	—	(34)
Balance at March 31, 2025	6,190	$ 6,190	$ 11,796	$ 14,173	$ 208	$ 32,367

Six Months Ended March 31, 2024

	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
Balance at October 1, 2023	6,105	$ 6,105	$ 11,626	$ 23,264	$ (6,660)	$ 34,335
Comprehensive (loss) income	—	—	—	(5,012)	211	(4,801)
Performance and restricted share expense	—	—	171	—	—	171
Share transactions under equity-based plans	85	85	(134)	—	—	(49)
Balance at March 31, 2024	6,190	$ 6,190	$ 11,663	$ 18,252	$ (6,449)	$ 29,656

See notes to unaudited consolidated condensed financial statements.

1. Summary of Significant Accounting Policies

A. Principles of Consolidation

The accompanying unaudited consolidated condensed financial statements include the accounts of SIFCO Industries, Inc. and its wholly-owned subsidiaries (collectively, the "Company"). All intercompany accounts and transactions have been eliminated in consolidation.

In October 2024, the Company sold its European operations in order to streamline operations and refocus on its core aerospace forging business. SIFCO Irish Holdings, Ltd., a wholly-owned subsidiary of the Company, entered into a Share Purchase Agreement (the "SPA") pursuant to which it sold 100% of the share capital of C Blade S.p.A. Forging & Manufacturing, an Italian joint stock company and wholly-owned subsidiary of the Company ("CBlade"), for cash consideration.

As a result of the sale transaction, the Company's financial statements have been prepared with the net assets, results of operations, and cash flows of CBlade presented as discontinued operations. All historical statements, amounts and related disclosures have been retrospectively adjusted to conform to this presentation. Refer to Note 2 — *Discontinued Operations*.

The U.S. dollar is the functional currency for all of the Company's operations in the United States ("U.S.") and its non-operating, non-U.S. subsidiaries. For these operations, all gains and losses from completed currency transactions are included in income (loss). Prior to the sale of CBlade, the functional currency for the Company's other non-U.S. subsidiaries was the Euro; the Company no longer has active operations in Europe. Assets and liabilities are translated into U.S. dollars at the rates of exchange at the end of the period, and revenues and expenses are translated using average rates of exchange for the period which approximate the rates in effect at the date of the transaction. Foreign currency translation adjustments are reported as a component of accumulated other comprehensive loss in the unaudited consolidated condensed financial statements.

These unaudited consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended September 30, 2024 (the "2024 Annual Report"). The year-end consolidated condensed balance sheet contained in these financial statements was derived from the audited financial statements and disclosures required by accounting principles generally accepted in the U.S. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) and disclosures considered necessary for a fair presentation have been included. The results of operations for any interim period are not necessarily indicative of the results to be expected for other interim periods or the full year.

B. Accounting Policies

A summary of the Company's significant accounting policies is included in Note 1 to the audited consolidated financial statements of the Company's 2024 Annual Report.

C. Net Loss per Share

The Company's net loss per basic share has been computed based on the weighted-average number of common shares outstanding. During a period of net loss, zero restricted and performance shares are included in the calculation of diluted earnings per share because the effect would be anti-dilutive. In a period of net income, the net income per diluted share reflects the effect of the Company's outstanding restricted shares and performance shares under the treasury stock method.

The dilutive effect is as follows:

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Six Months Ended March 31, 2025	Six Months Ended March 31, 2024
Loss from continuing operations	$ (1,322)	(2,232)	$ (3,744)	(6,302)
(Loss) income from discontinued operations, net of tax	(70)	642	36	1,289
Net loss	$ (1,392)	$ (1,590)	$ (3,708)	$ (5,013)
Weighted-average common shares outstanding (basic and diluted)	6,068	6,009	6,042	5,983
Net earnings (loss) per share – basic and diluted:				
Continuing operations	$ (0.22)	$ (0.38)	$ (0.62)	$ (1.05)
Discontinued operations	(0.01)	0.11	0.01	0.21
Net loss per share	$ (0.23)	$ (0.27)	$ (0.61)	$ (0.84)
Anti-dilutive weighted-average common shares excluded from calculation of diluted earnings per share	156	258	152	253

D. Recent Accounting Standards Adopted

None applicable.

E. Impact of Newly Issued Accounting Standards

In January 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-01, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date" ("ASU 2025-01"). ASU 2025-01 outlines the effective date of ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" ("ASU 2024-03"), as the first annual reporting period beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU 2024-03 is still permitted. ASU 2024-03 requires both interim and annual disclosures pertaining to expense captions on the face of the income statement within continuing operations containing the following amounts: (i) purchases of inventory, (ii) employee compensation, (iii) depreciation, (iv) intangible asset amortization, and (v) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (or other amounts of depletion expense) included in each relevant expense caption. This disaggregated information will be required to be disclosed with other disaggregated amounts under other U.S. GAAP guidance, such as revenue and income taxes. Additionally, a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively and total selling expenses and a definition of such costs (in annual reporting periods only) should be disclosed. More granular information about cost of sales and selling, general, and administrative expenses (SG&A) would assist a reader of the Company's consolidated financial statements in better understanding an entity's cost structure and forecasting future cash flows. The amendments in ASU 2024-03 should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of the ASU or (2) retrospectively to any or all prior periods presented in the financial statements. The Company is currently assessing the impact of this standard on our consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", that would enhance disclosures for significant segment expenses for all public entities required to report segment information in accordance with ASC 280. ASC 280 requires a public entity to report for each reportable segment a measure of segment profit or loss that its chief operating decision maker ("CODM") uses to assess segment performance and to make decisions about resource allocations. The amendments in ASU 2023-07 improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more useful financial analyses. Currently, Topic 280 requires that a public entity disclose certain information about its reportable segments. For example, a public entity is required to report a measure of segment profit or loss that the CODM uses to assess segment performance and make decisions about allocating resources. ASC 280 also requires other specified segment items and amounts such as depreciation, amortization and depletion expense to be disclosed under certain circumstances. The amendments in ASU 2023-07 do not change or remove those disclosure requirements. The amendments in ASU 2023-07 also do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. A public entity should apply the amendments in ASU 2023-07 retrospectively to all prior periods presented in the financial statements. The Company does not anticipate the adoption of ASU 2023-07 to have a significant impact on the consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. Early adoption is permitted. A public entity should apply the amendments in ASU 2023-09 prospectively to all annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of this standard on our consolidated financial statements and related disclosures.

F. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. In determining fair value, the Company utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. Based on the examination of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data

Level 3 - Unobservable inputs that are not corroborated by market data

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The book value of cash equivalents, accounts receivable, and accounts payable are considered to be representative of their fair values because of their short maturities. The carrying value of debt is considered to approximate the fair value based on the borrowing rates currently available to us for loans with similar terms and maturities. Fair value measurements of non-financial assets and non-financial liabilities are primarily used in goodwill, other intangible assets and long-lived assets impairment analysis, the valuation of acquired intangibles and in the valuation of assets held for sale. Goodwill and intangible assets are valued using Level 3 inputs. Defined benefit plans can be valued using Level 1, Level 2, Level 3 or a combination of Level 1, 2 and 3 inputs. Refer to Note 9 — *Retirement Benefit Plans* of the 2024 Annual Report for further discussion.

G. Reclassifications

Certain reclassifications have been made to prior-period amounts to conform to current-period reporting classifications. For the six months ended March 31, 2024, the Company revised its classification within the consolidated condensed statements of cash flows by moving the prior period amount for contract liabilities from accrued liabilities to contract liabilities to conform to current period presentation.

2. Discontinued Operations

The Company committed to sell CBlade in August 2024 in order to streamline operations and refocus on its core aerospace forging entities. On August 1, 2024, the Company's Board of Directors approved and authorized the execution of a share purchase agreement (the "SPA"), under which SIFCO Irish Holdings, Ltd., a wholly owned subsidiary of the Company, entered into an agreement to sell 100% of the share capital of CBlade to TB2 S.r.l. (the "Buyer") at an enterprise value of €20,000, less debt, for cash consideration of €13,800 in net equity value at closing, subject to adjustments for changes in working capital and certain other items (the "CBlade Sale"). The Company determined that CBlade met the criteria for classification as assets held for sale and discontinued operations upon the aforementioned events, and, based on the significance of the disposed operations (i.e., strategic shift), CBlade represented discontinued operations upon classification of the CBlade assets and liabilities as held for sale.

In October 2024, upon regulatory approval, the Company completed the CBlade Sale and received cash consideration of approximately $14,516, net of transaction costs of $422. The Company does not expect to have any significant continuing involvement with CBlade after the sale. All operating activities prior to the disposal date were included in the Company's financial statements separately as discontinued operations, including income before income tax provision, gain from the sale CBlade (i.e., cash proceeds received less net assets transferred), and the release of accumulated other comprehensive income (loss) attributable to the Company's European operations.

Due to the CBlade Sale, the Company ceased manufacturing operations within the European market, as CBlade represented the last remaining facility in this region. Prior to the transaction, CBlade was directly owned by SIFCO Irish Holdings Inc., a wholly-owned subsidiary of the Company incorporated in Ireland ("Irish Holdings"), which historically acted as the holding company for the Company's international operations. With the disposal of CBlade, the Company determined that its European operations represented a substantially complete liquidation. Therefore, $5,851 of cumulative translation adjustment loss attributable to these operations (related to Irish Holdings) was recognized in the statement of operations as a component of the gain on sale of discontinued operations upon the loss of a controlling financial interest in CBlade, which represented in excess of 90% of the assets of the Company's European operations.

The principal components of the assets and liabilities related to discontinued operations classified as held for sale as of September 30, 2024 were as follows:

	September 30, 2024
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1,009
Short-term investments	1,114
Receivables, net	6,259
Inventories, net	6,185
Prepaid expenses and other current assets	1,400
Total current assets	15,967
Property, plant and equipment, net	6,625
Other long-term assets	239
Total assets of discontinued operations	$ 22,831
LIABILITIES	
Current liabilities:	
Current maturities of long-term debt	$ 3,843
Accounts payable	2,770
Accrued and other current liabilities	3,445
Total current liabilities	10,058
Long-term debt, net	3,536
Other long-term liabilities	354
Total liabilities of discontinued operations	$ 13,948

A summary of the operating results for the discontinued operations is as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
Net sales	$ —	$ 6,028	$ 622	$ 11,606
Cost of sales	—	4,795	348	9,092
Interest expense, net	—	145	15	233
Income from discontinued operations before income tax expense and gain on sale	—	685	214	1,376
Income tax expense from discontinued operations	—	43	167	87
Loss on sale of discontinued operations before income tax expense	(70)	—	(11)	—
(Loss) income from discontinued operations, net of tax	$ (70)	$ 642	$ 36	$ 1,289

3. Inventories

Inventories consist of:

	March 31, 2025	September 30, 2024
Raw materials and supplies	$ 1,802	$ 1,044
Work-in-process	2,459	3,419
Finished goods	1,937	1,767
Total inventories, net	$ 6,198	$ 6,230

For a portion of the Company's inventory, cost is determined using the last-in, first-out ("LIFO") method. Approximately 40% and 30% of the Company's inventories as of March 31, 2025 and September 30, 2024, respectively, use the LIFO method. An actual valuation of inventory under the LIFO method is made at the end of each fiscal year based on the inventory levels and costs existing at that time. Accordingly, interim LIFO calculations must be based on management's estimates of expected year-end inventory levels and costs. Because the actual results may vary from these estimates, the annual results may differ from interim results as they are subject to adjustments based on the differences between the estimates and the actual results. The first-in, first-out ("FIFO") method is used for the remainder of the inventories, which are stated at the lower of cost or net realizable value ("NRV"). If the FIFO method had been used for the inventories for which cost is determined using the LIFO method, inventories would have been $10,360 and $10,496 higher than reported as of March 31, 2025 and September 30, 2024, respectively. Net realizable value is the estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal, and transportation. The Company estimates net realizable value, excess and obsolescence and shrink reserves for its inventory based upon historical experience, historical and projected sales trends and the age of inventory on hand. As of March 31, 2025 and September 30, 2024, our inventory valuation allowances were $3,081 and $2,733, respectively.

4. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive loss are as follows:

	March 31, 2025	September 30, 2024
Foreign currency translation adjustment	$ —	$ (5,554)
Retirement plan liability adjustment, net of tax	208	163
Interest rate swap agreement, net of tax	—	2
Total accumulated other comprehensive income (loss)	$ 208	$ (5,389)

During the six months ended March 31, 2025, the Company reclassified $5,554 from foreign currency translation adjustment to income from discontinued operations in the consolidated condensed statements of operations concurrent with the disposition of the CBlade and the substantially complete liquidation of operations in Europe.

5. Leases

The components of lease expense were as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
Finance lease expense:				
Amortization of right-of use assets on finance leases	$ 13	$ 2	$ 24	$ 3
Interest on lease liabilities	2	—	3	—
Operating lease expense	416	409	831	819
Variable lease cost	14	20	29	40
Total lease expense	$ 445	$ 431	$ 887	$ 862

The following table presents the impact of leasing on the consolidated condensed balance sheet.

	Classification in the consolidated condensed balance sheets	March 31, 2025	September 30, 2024
Assets:			
Finance lease assets	Property, plant and equipment, net	$ 118	$ 4
Operating lease assets	Operating lease right-of-use assets, net	12,897	13,326
Total lease assets		$ 13,015	$ 13,330
Current liabilities:			
Finance lease liabilities	Current maturities of long-term debt	$ 45	$ —
Operating lease liabilities	Short-term operating lease liabilities	905	879
Non-current liabilities:			
Finance lease liabilities	Long-term debt, net of current maturities	74	—
Operating lease liabilities	Long-term operating lease liabilities, net of short-term	12,611	13,035
Total lease liabilities		$ 13,635	$ 13,914

Supplemental cash flow and other information related to leases were as follows:

	Six Months Ended March 31, 2025	Six Months Ended March 31, 2024
Other Information		
Cash paid for amounts included in measurement of liabilities:		
Operating cash flows from operating leases	$ 831	$ 819
Operating cash flows from finance leases	2	—
Financing cash flows from finance leases	21	—
Right-of-use assets obtained in exchange for new lease liabilities:		
Finance leases	139	—
Operating leases	81	—

	March 31, 2025	September 30, 2024
Weighted-average remaining lease term (years):		
Finance leases	2.6	0.0
Operating leases	11.3	11.7
Weighted-average discount rate:		
Finance leases	5.2 %	— %
Operating leases	5.9 %	5.9 %

Future minimum lease payments under non-cancellable leases as of March 31, 2025 were as follows:

	Finance Leases	Operating Leases
Year ending September 30,		
Remainder of 2025	$ 25	$ 824
2026	50	1,662
2027	50	1,683
2028	2	1,564
2029	—	1,506
Thereafter	—	11,251
Total lease payments	$ 127	$ 18,490
Less: Imputed interest	(8)	(4,974)
Present value of lease liabilities	$ 119	$ 13,516

6. Debt

Debt consists of:

	March 31, 2025	September 30, 2024
Revolving credit agreement	$ 8,959	$ 20,142
Term loan, net of unamortized debt issuance costs of $68 and nil, respectively	2,682	—
Promissory note — related party	—	3,510
Finance lease obligations	119	—
Other	362	353
Total debt	12,122	24,005
Less — current maturities	(12,048)	(24,005)
Total long-term debt	$ 74	$ —

Loan and Security Agreement

On October 17, 2024, Company and Quality Aluminum Forge, LLC, a wholly-owned subsidiary of the Company ("QAF", and together with the Company, the "Borrowers"), entered into a Loan and Security Agreement (the "Loan Agreement") among the Company and QAF, as borrowers, Siena Lending Group LLC, as Lender ("Siena"), and each of the affiliates of the borrowers signatory to the Loan Agreement from time to time as guarantors.

The Loan Agreement provided for a senior secured revolving credit facility with a term of three years in an aggregate principal amount not to exceed $20,000 (the "Revolver") and a term loan in the original principal amount of $3,000 (the "Term Loan"). The Loan Agreement also provided for a $2,500 letter of credit sub-facility (the "Letter of Credit Sub-facility," and collectively with the Revolver and the Term Loan, the "Credit Facility"). The Credit Facility matures on October 17, 2027.

Proceeds of borrowings under the Credit Facility were used to repay amounts outstanding under the Company's Credit Agreement, Security Agreement, and Export Credit Agreement dated August 8, 2018, as amended, and was also available for working capital, capital expenditures and other general corporate purposes. These amounts included accrued paid-in-kind interest of $387 and fees under the guaranty agreement and subordinated promissory note with Garnet Holdings, Inc., a California corporation owned and controlled by Mark J. Silk ("GHI") (Mr. Silk is a member of the Board of Directors of the Company and considered a related party) of $1,030.

Borrowings under the Revolver and the Letter of Credit Sub-facility will bear interest at an annual rate of 4.5% plus the adjusted term SOFR (or, if the base rate is applicable, an annual rate of 3.5% plus the base rate). Borrowings under the Term Loan will bear interest at an annual rate of 5.5% plus the adjusted term SOFR (or, if the base rate is applicable, 4.5% plus the base rate) and shall be repaid in equal consecutive monthly installments of $50 commencing November 1, 2024, with the entire unpaid balance due and payable on the maturity date. Letters of credit issued under the Letter of Credit Sub-facility will have a fee equal to 4.5% plus adjusted term SOFR per annum of the face amount of such letter of credit. The Letter of Credit Sub-facility requires the Company to maintain compensating balances in a money market account in support of any issuances. The Company may withdraw funds from this account at its discretion; however, availability under the Letter of Credit Sub-facility will be dependent upon the maintenance of such compensating balances. As of March 31, 2025, the Company held $1,553 in compensating balances, which were included in cash and cash equivalents in the consolidated condensed balance sheets.

In consideration of the execution and delivery by Siena of the Loan Agreement, the Company agreed pursuant to the fee letter to pay a closing fee in the amount of $230 (of which $115 was paid on the closing date and $115 is payable on the first anniversary of the closing date, with the remaining amount (if any) of the closing fee to be paid in full on the maturity date). The fee letter provides for a collateral monitoring fee in the amount of $126, which fee shall be paid in installments as follows: (a) equal payments of approximately $4 shall be payable on the closing date and on the first day of each month thereafter and (b) the remaining amount of such fee (if any) shall be paid in full on the maturity date. In addition, an unused line fee accrues with respect to the unused amount of the Revolver at an annual rate of 0.5%. All fees that are payable in future installments or in full at maturity were recognized within accrued liabilities in the consolidated condensed balance sheets as of March 31, 2025.

Borrowings under the Credit Facility are secured by (a) a continuing first priority lien on and security interest in and to substantially all of the assets of the Company and other loan parties identified therein; and (b) a continuing first priority pledge of the pledged equity. The obligations of the Borrowers are guaranteed by each guarantor on the terms set forth in the Loan Agreement.

The Loan Agreement provides that the Company must maintain compliance with a minimum fixed charge coverage ratio, determined in accordance with the Loan Agreement. The Loan Agreement also contains affirmative, negative and financial covenants customary for financings of this type, including, among other things, limitations on certain other indebtedness, loans and investment, liens, mergers, asset sales, and transactions with affiliates, as well as customary events of default for financings of this type. Additionally, the Loan Agreement contains provisions for a lockbox arrangement and a subjective acceleration clause related to the appraised value of collateralized property, plant, and equipment; hence, the Term Loan and the Revolver were each classified as current maturities of long-term debt in the consolidated condensed balance sheet as of March 31, 2025.

As of March 31, 2025, the Company was in compliance with all covenants under the Loan Agreement. As of March 31, 2025, total availability under the Revolver was $2,595, and no letters of credit were outstanding.

As of March 31, 2025 and September 30, 2024, the Company had effective interest rates of 9.7% and 8.0%, respectively, under its revolving credit agreements.

Debt issuance costs

As of March 31, 2025 and September 30, 2024, the Company had debt issuance costs related to its outstanding revolving credit agreements of $556 and $461, respectively, which are included in the consolidated condensed balance sheets as a deferred charge in other current assets, net of amortization of $77 and nil, respectively. As of March 31, 2025, the Company had debt issuance costs related to the Term Loan of $83, which are included net of debt in the consolidated condensed balance sheets, net of amortization of $15.

First Energy

In April 2019, the Company entered into an economic development loan in the amount of $864 with FirstEnergy Corporation ("FirstEnergy") through its Ohio Electric Security Plan ("ESP") in effect at that time (the "ED Loan"). The ED Loan matures in five years and requires quarterly payments at an interest rate of zero percent per annum for the first twenty-four months and 2.0% per annum for the remainder of the term. Any unpaid balance after the initial term will convert to the U.S. Prime Rate plus 1.0%. As of March 31, 2025 and September 30, 2024, the Company had outstanding balances under the ED Loan of $142 and $133, respectively.

Beginning on October 1, 2019, FirstEnergy invoiced the Company on a quarterly basis and payments were made accordingly. However, in light of recent difficulties experienced by FirstEnergy, the Company has not received invoices (or other requests for payment) since its October 2023 payment, and all attempts at correspondence with FirstEnergy have gone unanswered. Due to the lack of communication with the lender, the Company has been unable to make the remaining three installment payments and consider the outstanding balance a potential contingent cash payment under the ED Loan until a formal letter of forgiveness or other determination is received. The Company will continue efforts to resolve this obligation in the near future. While we expect to meet the standards for full forgiveness of the ED Loan, there is no assurance that we will be granted such forgiveness.

City of Cleveland

In May 2019, the Company entered into a vacant property initiative loan agreement with the City of Cleveland in the amount of $180 at an annual interest rate of 3.6% to construct a die storage building near our Cleveland, OH facility (the "VPI Loan"). The VPI Loan matures in five years with a final balloon payment of all outstanding principal and interest and is forgivable in full contingent upon the Company creating a minimum number of new jobs and maintaining minimum employment levels during the term of the loan. As of both March 31, 2025 and September 30, 2024, the Company had amounts outstanding under the VPI Loan of $220.

Due to the effects of the worldwide pandemic, the Company experienced declines in demand for its products and sales, which hindered the Company's ability to grow its workforce and maintain it at or above the required levels. The Company is currently in discussions with the City of Cleveland for forgiveness of the VPI Loan under extenuating circumstances beyond the Company's control. Until a final determination is made by the City of Cleveland, the Company has not made payments on the VPI Loan, which may become payable in full if forgiveness is not approved. The Company will continue efforts to resolve this obligation in the near future. While we expect to meet the standards for full forgiveness of the VPI Loan, there is no assurance that we will be granted such forgiveness.

7. Income Taxes

For each interim reporting period, the Company makes an estimate of the effective tax rate it expects to be applicable for the full fiscal year for its operations. This estimated effective rate is used in providing for income taxes on a year-to-date basis. The Company's effective tax rate through the first six months of fiscal 2025 was (2.16)%, compared with (0.17)% for the same period of fiscal 2024. The decrease in the effective rate was primarily attributable to changes in jurisdictional mix of income in fiscal 2025 compared with the same period of fiscal 2024. The effective tax rate differs from the U.S. federal statutory rate due primarily to the valuation allowance against the Company's U.S. deferred tax assets and income in foreign jurisdictions that are taxed at different rates than the U.S. statutory tax rate.

The Company is subject to income taxes in the U.S. federal jurisdiction, Ireland, and various state and local jurisdictions.

8. Retirement Benefit Plans

The Company and certain of its subsidiaries sponsor defined benefit pension plans covering some of its employees. The components of the net periodic benefit cost of the Company's defined benefit plans are as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
Service cost	$ 43	$ 45	$ 87	$ 90
Interest cost	236	271	472	542
Expected return on plan assets	(264)	(260)	(529)	(521)
Amortization of net loss	22	43	45	86
Net periodic pension cost	$ 37	$ 99	$ 75	$ 197

During the six months ended March 31, 2025 and 2024, the Company made $95 and $18 in cash contributions, and zero and $86 in non-cash contributions utilizing carryover balance, respectively, to its defined benefit pension plans. The Company anticipates making $187 in cash contributions to fund its defined benefit pension plans for the balance of fiscal 2025, and will use carryover balances from previous periods that have been available for use as a credit to reduce the amount of cash contributions that the Company is required to make to certain defined benefit plans in fiscal 2025. The Company's ability to elect to use such carryover balance will be determined based on the actual funded status of each defined benefit pension plan relative to the plan's minimum regulatory funding requirements. The Company does not anticipate making cash contributions above the minimum funding requirement to fund its defined benefit pension plans during the balance of fiscal 2025.

9. Stock-Based Compensation

The Company has outstanding equity awards under the Company's 2007 Long-Term Incentive Plan (the "2007 Plan") and the Company's 2007 Long-Term Incentive Plan (Amended and Restated as of November 16, 2016) (as further amended, the "2016 Plan"), and awards performance and restricted shares under the 2016 Plan.

In the first six months of fiscal 2025, the Company granted 47 time-based restricted shares under the 2016 Plan to non-employee directors with a grant date fair value of $3.70 per share. The awards vest over one year.

In the first six months of fiscal 2025, the Company granted 10 time-based restricted shares under the 2016 Plan to certain key employees with a grant date fair value of $4.14 per share. The awards vest over three years. There were 32 shares forfeited during the six months ended March 31, 2025. No performance-based shares were granted during the six months ended March 31, 2025.

If all outstanding share awards are ultimately earned and vest at the target number of shares, there are approximately 360 shares that remain available for award as of March 31, 2025. If any of the outstanding share awards are ultimately earned and vest at greater than the target number of shares, up to a maximum of 150% of such target, then a fewer number of shares would be available for award.

Stock-based compensation expense under the 2016 Plan was $88 and $171 during the first six months of fiscal 2025 and 2024, respectively, and $67 and $84 during the three months ended March 31, 2025 and 2024, respectively, within selling, general and administrative expense on the consolidated condensed statements of operations. As of March 31, 2025, there was $273 of total unrecognized compensation cost related to the performance shares and restricted shares awarded under the 2016 Plan. The Company expects to recognize this cost over the next 1.2 years.

10. Revenue

The Company produces forged components for (i) turbine engines that power commercial, business and regional aircraft as well as military aircraft and other military applications; (ii) airframe applications for a variety of aircraft; (iii) industrial gas and steam turbine engines for power generation units; and (iv) commercial space, semiconductor and other commercial applications.

Revenue is recognized when performance obligations under the terms of the contract with a customer of the Company are satisfied. A portion of the Company's contracts are from purchase orders ("PO's"), which continue to be recognized as of a point in time when products are shipped from the Company's manufacturing facilities or at a later time when control of the products transfers to the customer. Under the revenue standard, the Company recognizes certain revenue over time as it satisfies the performance obligations because the conditions of transfer of control to the applicable customer are as follows:

- Certain military contracts, which relate to the provisions of specialized or unique goods to the U.S. government with no alternative use, include provisions within the contract that are subject to the Federal Acquisition Regulation ("FAR"). The FAR provision allows the customer to unilaterally terminate the contract for convenience and requires the customer to pay the Company for costs incurred plus reasonable profit margin and take control of any work in process.

- For certain commercial contracts involving customer-specific products with no alternative use, the contract may fall under the FAR clause provisions noted above for military contracts or may include certain provisions within their contract that the customer controls the work in process based on contractual termination clauses or restrictions of the Company's use of the product and the Company possesses a right to payment for work performed to date plus reasonable profit margin.

As a result of control transferring over time for these products, revenue is recognized based on progress toward completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products to be provided. The Company elected to use the cost to cost input method of progress based on costs incurred for these contracts because it best depicts the transfer of goods to the customer based on incurring costs on the contracts. Under this method, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues are recorded proportionally as costs are incurred.

The following table represents a breakout of total revenue by customer type:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
Commercial revenue	$ 8,321	$ 11,348	$ 19,477	$ 19,010
Military revenue	10,706	9,167	20,433	16,979
Total	$ 19,027	$ 20,515	$ 39,910	$ 35,989

The following table represents revenue by end market:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
Aerospace components for:				
Fixed wing aircraft	$ 14,381	$ 10,080	$ 27,226	$ 20,019
Rotorcraft	2,929	4,197	6,324	7,347
Commercial space	593	4,027	3,041	5,360
Energy components for power generation units	686	442	1,713	1,055
Commercial product and other revenue	438	1,769	1,606	2,208
Total	$ 19,027	$ 20,515	$ 39,910	$ 35,989

All revenue based on selling locations originated from the Company's U.S. operations.

In addition to the disaggregated revenue information provided above, approximately 57% and 53% of total net sales for the six months ended March 31, 2025 and 2024, respectively, was recognized on an over-time basis because of the continuous transfer of control to the customer, with the remainder recognized at a point in time.

Contract Balances

The following table contains a roll forward of contract assets and contract liabilities for the six months ended March 31, 2025 and 2024:

	March 31, 2025	March 31, 2024
Contract assets — beginning balance	$ 10,745	$ 10,091
Additional revenue recognized over-time	22,717	19,250
Less amounts billed to the customers	(22,452)	(19,365)
Contract assets — ending balance	$ 11,010	$ 9,976

	March 31, 2025	March 31, 2024
Contract liabilities — beginning balance	$ 2,879	$ 731
Payments received in advance of performance obligations	1,554	1,683
Performance obligations satisfied	(1,665)	(1,523)
Contract liabilities — ending balance	$ 2,768	$ 891

During the three and six months ended March 31, 2025, the Company recognized revenues of approximately $730 and $1,665, respectively, that were included in contract liabilities at the beginning of fiscal year 2025. During the three and six months ended March 31, 2024, the Company recognized revenues of approximately $1,523 and $1,523, respectively, that were included in contract liabilities at the beginning of fiscal year 2024.

Accounts receivable were $15,638 and $14,677 as of September 30, 2023 and March 31, 2024, respectively. There were no material impairment losses recorded on contract assets as of March 31, 2025 and September 30, 2024.

Remaining performance obligations

As of March 31, 2025, the Company has $129,218, of which $98,883 are anticipated to be complete within the next 12 months, of remaining performance obligations (including contract assets).

11. Commitments and Contingencies

In the normal course of business, the Company may be involved in ordinary, routine legal actions. The Company cannot reasonably estimate future costs, if any, related to these matters; however, it does not believe any such matters are material to its financial condition or results of operations. The Company maintains various liability insurance coverages to protect its assets from losses arising out of or involving activities associated with ongoing and normal business operations; however, it is possible that the Company's future operating results could be affected by future costs of litigation.

12. Related Party Transactions

In October 2024, the Company repaid all amounts outstanding under its secured subordinated loan from Garnet Holdings, Inc., a California corporation owned and controlled by Mark J. Silk ("GHI") (Mr. Silk is a member of the Board of Directors of the Company and considered a related party), in the original principal amount of $3,000, as well as accrued paid-in-kind interest. As part of the guaranty and subordinated promissory note with GHI, the Company paid fees of $880 and $150, respectively. See Note 6 — *Debt* for further information.

13. Business Information

The Company is a party to collective bargaining agreements ("CBA") with certain employees located in Cleveland, which has two bargaining units.

The Company's Cleveland bargaining unit 1 ratified its CBA in fiscal 2020 and it expired on May 15, 2025. On May 9, 2025, the Company reached an agreement on a new CBA with the International Association of Machinists ("IAM") and its employee members. The new CBA takes effect on May 15, 2025 and contains substantially similar terms and conditions as the previous agreement.

The second bargaining unit, under its new representative the International Brotherhood of Boilermakers ("IBB"), was ratified in fiscal 2022 and expired on March 31, 2025. The Company is in negotiations with the IBB and its employee members, who continue to work under the terms of the expired agreement. The Company anticipates ratification of a new agreement during the third quarter of fiscal 2025 with substantially similar terms and conditions as the previous agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations may contain various forward-looking statements and includes assumptions concerning the Company's operations, future results and prospects. The words "will," "may," "designed to," "outlook," "believes," "should," "anticipates," "plans," "expects," "intends," "estimates," "forecasts" and similar expressions identify certain of these forward-looking statements. These forward-looking statements are based on current expectations and are subject to risk and uncertainties. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides this cautionary statement identifying important economic, political and technological factors, among others, the absence or effect of which could cause the actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions. Such factors include the following: (1) the impact on business conditions in general, and on the demand for product in the aerospace and energy (or "A&E") industries in particular, of the global economic outlook, including the continuation of military spending at or near current levels and the availability of capital and liquidity from banks, the financial markets and other providers of credit; (2) the future business environment, including capital and consumer spending; (3) competitive factors, including the ability to replace business that may be lost at comparable margins; (4) metals and commodities price increases and the Company's ability to recover such price increases; (5) successful development and market introduction of new products and services; (6) continued reliance on consumer acceptance of regional and business aircraft powered by more fuel efficient turboprop engines; (7) continued reliance on military spending, in general, and/or several major customers, in particular, for revenues; (8) the impact on future contributions to the Company's defined benefit pension plans due to changes in actuarial assumptions, government regulations and the market value of plan assets; (9) stable governments, business conditions, laws, regulations and taxes in economies where business is conducted; (10) the ability to successfully integrate businesses that may be acquired into the Company's operations; (11) cyber and other security threats or disruptions faced by us, our customers or our suppliers and other partners; (12) our exposure to additional risks as a result of our international business, including risks related to geopolitical and economic factors, suppliers, laws and regulations; (13) the ability to maintain a qualified workforce; (14) the adequacy and availability of our insurance coverage; (15) our ability to develop new products and technologies and maintain technologies, facilities, and equipment to win new competitions and meet the needs of our customers; (16) our ability to realize amounts in our backlog; (17) investigations, claims, disputes, enforcement actions, litigation and/or other legal proceedings; (18) extraordinary or force majeure events affecting the business or operations of our business; and (19) significant tariffs and other trade measures, including recently announced U.S. tariffs on aluminum and steel.

The Company engages in the production of forgings and machined components primarily for the A&E and commercial space markets. The processes and services provided by the Company include forging, heat-treating, machining, subassembly, and test. The Company operates under one business segment.

The Company endeavors to continue to plan and evaluate its business operations while taking into consideration certain factors including the following: (i) the projected build rate for commercial, business and military aircraft, as well as the engines that power such aircraft; (ii) the projected maintenance, repair and overhaul schedules for commercial, business and military aircraft, as well as the engines that power such aircraft; (iii) the projected build rate and repair for industrial turbines; and (iv) commercial space.

The Company operates within a cost structure that includes a significant fixed component. Therefore, higher net sales volumes are expected to result in greater operating income because such higher volumes allow the business operations to better leverage the fixed component of their respective cost structures. Conversely, the opposite effect is expected to occur at lower net sales and related production volumes.

A. Results of Operations

Overview

The Company produces forged components for (i) turbine engines that power commercial, business and regional aircraft as well as military aircraft and other military applications; (ii) airframe applications for a variety of aircraft; (iii) industrial gas and steam turbine engines for power generation units; and (iv) commercial space, semiconductor and other commercial applications.

CBlade Sale

In October 2024, the Company sold its European operations in order to streamline operations and refocus on its core aerospace forging business. SIFCO Irish Holdings, Ltd., a wholly owned subsidiary of the Company, entered into a Share Purchase Agreement (the "SPA") pursuant to which it sold 100% of the share capital of C Blade S.p.A. Forging & Manufacturing, an Italian joint stock company and wholly-owned subsidiary of the Company ("CBlade"), for cash consideration.

As a result of the sale transaction, the Company's financial statements have been prepared with the net assets of CBlade presented as held for sale as of September 30, 2024, and the results of operations and cash flows of CBlade have been presented as discontinued operations for the six months ended March 31, 2025 and 2024. All historical statements, amounts and related disclosures have been retrospectively adjusted to conform to this presentation. Refer to Note 2 — *Discontinued Operations* of the Notes to Unaudited Consolidated Condensed Financial Statements.

Backlog of Orders

SIFCO's total backlog as of March 31, 2025 was $129.2 million, of which $98.9 million are anticipated to be complete within the next 12 months, compared with total backlog of $122.9 million as of March 31, 2024. Orders may be subject to modification or cancellation by the customer with limited charges. Recovery in the aerospace markets was the primary contributor to the increased bookings. Backlog information may not be indicative of future sales.

Three Months Ended March 31, 2025 compared with Three Months Ended March 31, 2024

Net Sales

Net sales comparative information for the second quarter of fiscal 2025 and 2024 is as follows:

(Dollars in millions)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Increase/ (Decrease)
Aerospace components for:			
Fixed wing aircraft	$ 14.4	$ 10.1	$ 4.3
Rotorcraft	2.9	4.2	(1.3)
Commercial space	0.6	4.0	(3.4)
Energy components for power generation units	0.7	0.4	0.3
Commercial product and other revenue	0.4	1.8	(1.4)
Total	$ 19.0	$ 20.5	$ (1.5)

Net sales for the second quarter of fiscal 2025 decreased $1.5 million to $19.0 million, compared with $20.5 million in the comparable period of fiscal 2024. Fixed wing sales increased $4.3 million compared with the same period last year, primarily due to higher demand across most programs. Rotorcraft sales declined compared with the same period last year primarily due to the timing of orders in the H60 and Osprey V22 programs. Commercial space products decreased by $3.4 million year-over-year due to delays in commercial launch programs. Net sales for the energy components for power generation units increased slightly by $0.3 million. Commercial products and other revenue decreased $1.4 million compared with the same period last year mostly due to the timing of orders related to munitions programs.

Commercial net sales and military net sales were 43.7% and 56.3%, respectively, of total net sales in the second quarter of fiscal 2025, compared with 55.3% and 44.7%, respectively, in the comparable period in fiscal 2024. Commercial net sales decreased $3.0 million to $8.3 million in the second quarter of fiscal 2025, compared with $11.3 million in the comparable period of fiscal 2024, primarily due to delays in the commercial space market, partially offset by higher demand in the commercial aerospace market. Military net sales increased by $1.5 million to $10.7 million in the second quarter of fiscal 2025, compared with $9.2 million in the comparable period of fiscal 2024, primarily due to increased demand across multiple programs.

Cost of Goods Sold

Cost of goods sold ("COGS") decreased by $1.6 million, or (8.2)%, to $17.5 million, or 91.7% of net sales, during the second quarter of fiscal 2025, compared with $19.0 million, or 92.7% of net sales, in the comparable period of fiscal 2024. The decrease is primarily due to lower sales in the commercial space market and munitions programs, partially offset by higher sales volume and favorable mix of products sold in our fixed wing aircraft sector.

Gross Profit

Gross profit increased slightly by $0.1 million to $1.6 million in the second quarter of fiscal 2025, compared with $1.5 million gross profit in the comparable period of fiscal 2024, primarily due to the decreases in sales volume and COGS discussed above and the impact of favorable mix of products sold.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses were $2.4 million, or 12.4% of net sales, during the second quarter of fiscal 2025, compared with $2.8 million, or 13.7% of net sales, in the comparable period of fiscal 2024. The decrease in SG&A expenses was primarily due to lower employee-related expenses attributable to previous headcount reductions, as well as reduced spend related to cost reduction initiatives and legal and strategic alternative expenses.

Other/General

The following table sets forth the weighted average interest rates and weighted average outstanding balances under the Company's debt agreements in the second quarter of fiscal 2025 and 2024:

(Dollars in millions)	Weighted Average Interest Rate Three Months Ended March 31,		Weighted Average Outstanding Balance Three Months Ended March 31,	
	2025	2024	2025	2024
Revolving credit agreement	9.7 %	8.1 %	$ 11.7	$ 16.8
Term loan	10.0 %	— %	$ 2.8	$ —
Other debt	2.3 %	0.8 %	$ 0.4	$ 0.3
Promissory note (related party)	— %	13.2 %	$ —	$ 3.2

Income Taxes

The Company's effective tax rate through the second quarter of fiscal 2025 was (5.9)%, compared with (0.2)% for the same period of fiscal 2024. The decrease in the effective rate was primarily attributable to changes in jurisdictional mix of income in fiscal 2025 compared with the same period of fiscal 2024. The effective tax rate differs from the U.S. federal statutory rate due primarily to the valuation allowance against the Company's U.S. deferred tax assets and income in foreign jurisdictions that are taxed at different rates than the U.S. statutory tax rate.

Loss from Continuing Operations

Loss from continuing operations was $1.2 million during the second quarter of fiscal 2025, compared with $2.2 million in the comparable period of fiscal 2024 due to gross margins improvements and lower SG&A expenses discussed above, as well as lower interest expense due to lower average debt outstanding.

Six Months Ended March 31, 2025 compared with Six Months Ended March 31, 2024

Net Sales

Net sales comparative information for the first six months of fiscal 2025 and 2024 is as follows:

(Dollars in millions)	Six Months Ended March 31,		
	2025	2024	Increase/ (Decrease)
Aerospace components for:			
Fixed wing aircraft	$ 27.2	$ 20.0	$ 7.2
Rotorcraft	6.3	7.3	(1.0)
Commercial space	3.1	5.4	(2.3)
Energy components for power generation units	1.7	1.1	0.6
Commercial product and other revenue	1.6	2.2	(0.6)
Total	$ 39.9	$ 36.0	$ 3.9

Net sales for the first six months of fiscal 2025 increased $3.9 million to $39.9 million, compared with $36.0 million in the comparable period of fiscal 2024. Fixed wing sales increased $7.2 million compared with the same period last year, primarily due to higher demand across most programs. Rotorcraft sales declined $1.0 million compared with the same period last year primarily due to the timing of orders in the H60 and Osprey V22 programs. Commercial space products decreased by $2.3 million year-over-year due to delays in commercial launch programs. Net sales for the energy components for power generation units increased by $0.6 million due to growth in the steam turbine markets. Commercial products and other revenue decreased $0.6 million compared with the same period last year mostly due to the timing of orders related to munitions programs.

Commercial net sales were 48.8% of total net sales and military net sales were 51.2% of total net sales in the first six months of fiscal 2025, compared with 52.8% and 47.2%, respectively, in the comparable period in fiscal 2024. Commercial net sales increased $0.5 million to $19.5 million in the first six months of fiscal 2025, compared with $19.0 million in the comparable period of fiscal 2024, primarily due to the continued rebound in the aerospace market. Military net sales increased by $3.4 million to $20.4 million in the first six months of fiscal 2025, compared with $17.0 million in the comparable period of fiscal 2024, primarily due to increased demand across most programs.

Cost of Goods Sold

COGS increased by $2.4 million, or 6.8%, to $37.4 million, or 93.7% of net sales, during the first six months of fiscal 2025, compared with $35.0 million, or 97.4% of net sales, in the comparable period of fiscal 2024. The increase is primarily due to higher sales volume and favorable mix of products sold.

Gross Profit

Gross profit increased $1.6 million to $2.5 million in the first six months of fiscal 2025, compared with $0.9 million gross profit in the comparable period of fiscal 2024, primarily due to the increases in sales volume and COGS discussed above and the impact of favorable mix of products sold.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses were $5.2 million, or 13.0% of net sales, during the first six months of fiscal 2025, compared with $5.9 million, or 16.5% of net sales, in the comparable period of fiscal 2024. The decrease in SG&A expenses was primarily due to lower general operating expenses, particularly employee-related costs and legal and strategic alternative costs.

Other/General

The following table sets forth the weighted average interest rates and weighted average outstanding balances under the Company's debt agreement in the first six months of both fiscal 2025 and 2024:

(Dollars in millions)	Weighted Average Interest Rate Six Months Ended March 31,		Weighted Average Outstanding Balance Six Months Ended March 31,	
	2025	2024	2025	2024
Revolving credit agreement	9.7 %	7.9 %	$ 12.5	$ 16.2
Term loan	10.2 %	— %	$ 2.6	$ —
Other debt	5.2 %	0.9 %	$ 0.4	$ 0.3
Promissory note (related party)	— %	6.6 %	$ —	$ 3.2

Income Taxes

The Company's effective tax rate through the first six months of fiscal 2025 was (2.2)%, compared with (0.2)% for the same period of fiscal 2024. The decrease in the effective rate was primarily attributable to changes in jurisdictional mix of income in fiscal 2025 compared with the same period of fiscal 2024. The effective tax rate differs from the U.S. federal statutory rate due primarily to the valuation allowance against the Company's U.S. deferred tax assets and income in foreign jurisdictions that are taxed at different rates than the U.S. statutory tax rate.

Loss from Continuing Operations

Loss from continuing operations was $3.7 million during the first six months of fiscal 2025, compared with $6.3 million in the comparable period of fiscal 2024 due to higher sales volumes and gross margins improvements coupled with lower SG&A expenses and lower interest expense attributable to lower average debt outstanding during the period.

Non-GAAP Financial Measures

Presented below is certain financial information based on the Company's EBITDA and Adjusted EBITDA. References to "EBITDA" mean earnings (losses) from continuing operations before interest, taxes, depreciation and amortization, and references to "Adjusted EBITDA" mean EBITDA plus, as applicable for each relevant period, certain adjustments as set forth in the reconciliations of net income to EBITDA and Adjusted EBITDA.

Neither EBITDA nor Adjusted EBITDA is a measurement of financial performance under generally accepted accounting principles in the United States of America ("GAAP"). The Company presents EBITDA and Adjusted EBITDA because management believes that they are useful indicators for evaluating operating performance, including the Company's ability to incur and service debt and it uses EBITDA to evaluate prospective acquisitions. Although the Company uses EBITDA and Adjusted EBITDA for the reasons noted above, the use of these non-GAAP financial measures as analytical tools has limitations. Therefore, reviewers of the Company's financial information should not consider them in isolation, or as a substitute for analysis of the Company's results of operations as reported in accordance with GAAP. Some of these limitations include:

- Neither EBITDA nor Adjusted EBITDA reflects the interest expense or the cash requirements necessary to service interest payments on indebtedness;

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and neither EBITDA nor Adjusted EBITDA reflects any cash requirements for such replacements;
- The omission of the amortization expense associated with the Company's intangible assets further limits the usefulness of EBITDA and Adjusted EBITDA as measurements of financial performance; and
- Neither EBITDA nor Adjusted EBITDA includes the payment of taxes, which is a necessary element of operations.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to the Company to invest in the growth of its businesses. Management compensates for these limitations by not viewing EBITDA or Adjusted EBITDA in isolation and specifically by using other GAAP measures, such as net income (loss), net sales, and operating income (loss), to measure operating performance. Neither EBITDA nor Adjusted EBITDA is a measurement of financial performance under GAAP, and neither should be considered as an alternative to net loss or cash flow from operations determined in accordance with GAAP. The Company's calculation of EBITDA and Adjusted EBITDA may not be comparable to the calculation of similarly titled measures reported by other companies.

The following table sets forth a reconciliation of net loss to EBITDA and Adjusted EBITDA:

	Three Months Ended March 31,		Six Months Ended March 31,	
Dollars in thousands	2025	2024	2025	2024
Net loss	$ (1,392)	$ (1,590)	$ (3,708)	$ (5,013)
Less: (Loss) income from discontinued operations, net of tax	(70)	642	36	1,289
Loss from continuing operations	(1,322)	(2,232)	(3,744)	(6,302)
Adjustments:				
Depreciation and amortization expense	1,189	1,180	2,370	2,412
Interest expense, net	428	818	897	1,160
Income tax expense	75	5	80	11
EBITDA	370	(229)	(397)	(2,719)
Adjustments:				
Foreign currency exchange loss (gain), net (1)	1	(3)	(1)	1
Other expense, net (2)	37	85	75	154
Gain on disposal of assets (3)	—	4	—	4
Non-recurring severance expense adjustments (4)	3	—	(19)	—
Equity compensation (4)	67	85	88	171
Transaction-related expense adjustments (5)	1	—	(16)	—
LIFO impact (6)	(637)	58	(136)	351
IT incident costs, net (7)	—	24	—	23
Strategic alternative expense (8)	—	132	—	320
Adjusted EBITDA	$ (158)	$ 156	$ (406)	$ (1,695)

(1) Represents the gain or loss from changes in the exchange rates between the functional currency and the foreign currency in which the transaction is denominated.

(2) Represents miscellaneous non-operating income or expense, such as pension costs.

(3) Represents the difference between the proceeds from the sale of operating equipment and the carrying value shown on the Company's books.

(4) Represents the equity-based compensation expense recognized by the Company under the 2016 Plan due to granting of awards, awards not vesting and/or forfeitures and executive severance.

(5) Represents credits related to transaction-related legal fees incurred primarily in connection with the unsuccessful attempt in which the Company was the acquisition target.

(6) Represents the change in the reserve for inventories for which cost is determined using the last-in, first-out ("LIFO") method.

(7) Represents incremental information technology costs (and credits) as it relates to the cybersecurity incident and loss on insurance recovery.

(8) Represents expense related to evaluation of strategic alternatives.

B. Liquidity and Capital Resources

Cash and cash equivalents were $1.9 million and $1.7 million as of March 31, 2025 and September 30, 2024, respectively. A nominal amount of the Company's cash and cash equivalents were in the possession of its non-U.S. holding company subsidiary, and certain distributions from which to the Company may be subject to adverse tax consequences.

Our primary requirements for liquidity and capital resources besides our growth initiatives, are working capital, capital expenditures, principal and interest payments on our outstanding debt, fulfilling obligations under our loan agreements, and other general corporate needs. Historically, the main sources of liquidity of the Company have been cash flows from operations and borrowings under our debt agreements. As of March 31, 2025, the Company was not party to any off-balance sheet arrangements that have had or are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources. The cash requirements for the upcoming fiscal year relate to payments on our outstanding debt and leases, operating and capital purchase commitments, and expected contributions to our defined benefit and contribution plans. For information regarding the Company's expected cash requirements and timing of payments related to leases and noncancellable purchase commitments, see Note 11 — *Leases* and Note 12 — *Commitments and Contingencies* of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended September 30, 2024 (the "2024 Annual Report"). Additionally, refer to Note 19 — *Retirement Benefit Plans* of the Notes to Consolidated Financial Statements in the Company's 2024 Annual Report for more information related to the Company's pension and defined contribution plans.

With the sale of the CBlade manufacturing operations located in Maniago, Italy, the Company increased its cash on hand from the proceeds, which was used to repay a portion of its outstanding debt balances and for general operational needs. Historically, the cash flows from the Company's CBlade business represented a material portion of the consolidated results of operations, financial condition and cash flows. Although future contributions from the CBlade business ceased with the execution of the sale transaction, the Company believes that its streamlined operations will allow management to focus on domestic growth opportunities. There is no guarantee however that the Company's continuing operations will sufficiently replace the liquidity and cash flows previously provided by CBlade's operations. For details regarding the sale of CBlade, refer to Note 2 — *Discontinued Operations* of the notes to unaudited consolidated condensed financial statements.

We believe that our existing cash will be sufficient to finance our continued operations, planned capital expenditures and the additional expenses that we expect to incur during the next 12 months. In order to support and achieve our future growth plans, we may need or advantageously seek to obtain additional funding through equity or debt financing. We believe that our current operating structure will facilitate sufficient cash flows from operations to satisfy our expected long-term liquidity requirements beyond the next 12 months. If these resources are not sufficient to satisfy our liquidity requirements due to changes in circumstances, we may be required to borrow under our loan agreement or seek additional financing. The Company's liquidity could be negatively affected if the Company is unable to obtain capital, by customers extending payment terms to the Company and/or the decrease in demand for our products. The Company and management will continue to assess and actively manage liquidity needs. For details regarding our debt agreements, see Note 6 — *Debt* of the notes to unaudited consolidated condensed financial statements.

Operating Activities

The Company's operating activities used $1.0 million of cash in the first six months of fiscal 2025, primarily due to net operating loss from continuing operations of $3.7 million partially offset by depreciation and amortization of $2.4 million and change in inventory valuation accounts of $0.3 million and LIFO effect of $0.1 million. The uses of cash from working capital of $0.1 million was primarily due to higher prepaid expenses attributable to deferred financing costs related to the refinanced revolver and customer deposits, and decreases in accrued liabilities and accounts payable due to timing of payments, partially offset by decreases in accounts receivable.

The Company's operating activities used $2.9 million of cash in the first six months of fiscal 2024, primarily due to net operating loss of $6.3 million partially offset by depreciation and amortization of $2.4 million and change in inventory valuation accounts of $0.5 million and LIFO effect of $0.4 million. The uses of cash from working capital of $0.4 million was primarily due to increases in inventory of $4.4 million, partially offset by accounts receivable and prepaid expense reductions of $1.0 million and $0.4 million, respectively, and an increase in accounts payable of $2.9 million. The increase in inventory was primarily due to increase in raw material and work in process to meet heightened customer demand. The increase in accounts receivable was due to increases in customer shipments. The increase in accounts payable was due to increases in raw material purchases and outside processing fees related to inventory build.

Investing Activities

During the first six months of fiscal 2025 and 2024, cash used for investing activities was $0.3 million and $1.2 million, respectively, attributable to capital expenditures. Capital commitments as of March 31, 2025 were $0.2 million. The Company anticipates that the remaining total fiscal 2025 capital expenditures will be within the range of $1.5 million to $2.0 million and will relate principally to the further enhancement of production and product offering capabilities and drive operating cost reductions.

Financing Activities

Cash used in financing activities was $13.1 million in the first six months of fiscal 2025, compared with $4.0 million provided by financing activities in the first six months of fiscal 2024. The year-over-year decrease was primarily related to higher repayments on our revolving credit line and the debt refinancing during fiscal 2025.

Refer to Note 6 — *Debt* of the notes to unaudited consolidated condensed financial statements for details regarding our financing activities during the six months ended March 31, 2025.

Future cash flows from the Company's operations may be used to pay down outstanding debt amounts. The Company believes it has adequate cash/liquidity available to finance its operations from the combination of (i) the Company's expected cash flows from operations and (ii) funds available under its loan and security agreement as described in Note 6 — *Debt* of the notes to unaudited consolidated condensed financial statements for its domestic locations.

Tightening of the credit market and standards, as well as capital market volatility, could negatively impact our ability to obtain additional debt financing on terms equivalent to our existing debt agreements when needed in the future. Capital market uncertainty and volatility, together with the Company's market capitalization and status as a smaller reporting company, could also negatively impact our ability to obtain equity financing.

C. Recent Accounting Standards

No recent accounting standards were adopted during the six months ended March 31, 2025. Refer to Note 1 — *Summary of Significant Accounting Policies* for further detail. Additionally, the Company's significant accounting policies and procedures are explained in the Management's Discussion and Analysis section of the Company's 2024 Annual Report.

Item 4. Controls and Procedures

As defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), disclosure controls and procedures are controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported on a timely basis, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Company's disclosure controls and procedures include components of the Company's internal control over financial reporting. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Management of the Company, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e) as of March 31, 2025 (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal controls over financial reporting during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Part II. Other Information

Items 1, 1A, 2, 3, 4 and 5 are not applicable or the answer to such items is negative; therefore, the items have been omitted and no reference is required in this Quarterly Report.

Item 1A. Risk Factors

The Company is subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in the Company's 2024 Annual Report. There have been no material changes to our risk factors since the Company's 2024 Annual Report, except as described below. Investors should consider all of the other information set forth in this Quarterly Report on Form 10-Q, including our unaudited consolidated condensed financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in evaluating our business and prospects. If any of the risks described herein occurs, our business, financial condition or results of operations could be negatively affected. Additional risks and uncertainties, including risks not currently known or that are currently deemed immaterial may also adversely affect our business financial conditions or results of operations.

Significant tariffs and other trade measures, including recently announced U.S. tariffs on aluminum and steel, could adversely affect our business, results of operations, financial position and cash flows.

New tariffs and other restrictive trade measures could adversely affect our business, results of operations, financial position and cash flows. On February 10, 2025, the President of the United States issued an executive order raising the U.S. tariff rate on aluminum and steel imports to 25% from 10% and eliminating numerous tariff exclusions. This order followed similar orders issued on February 1, 2025 imposing a 25% tariff on imports from Mexico and Canada. Rapid changes in trade policy can create uncertainty in our operations and business prospects. Such tariffs and any further legislation or actions taken by the U.S. government, such as the imposition of additional tariffs and trade barriers, as well as retaliatory protectionist measures taken by other governments, could increase the cost of our products, product component and raw materials, and adversely impact our business prospects as a result.

The new and substantial tariff increases on our supply chain into the U.S. announced thus far, should they be implemented and sustained for an extended period of time, could have a significant adverse effect, including financial, on our Company, our supply chain and the industry as a whole. The ultimate impact of these and other new tariffs are uncertain and will depend on various factors, including whether such tariffs are ultimately implemented, the timing and duration of implementation, and the amount, scope, and nature of the tariffs, and a number of secondary and tertiary effects.

We are continuing to assess the full implications of these and other tariffs for the global aluminum and steel markets and the impact they are likely to have on our business. Although we do not anticipate these tariffs to have a material impact on our operations due to our production being based primarily in the U.S., such tariffs might require us to reconsider or seek to renegotiate our commercial agreements with suppliers and customers, increase the prices of our products or alter the markets into which we procure our supplies. Any or all of these actions could adversely affect our business, financial condition, results of operations and cash flow.

Item 6. (a) Exhibits

Exhibit No.	Description
10.1	Amendment to Share Purchase Agreement, dated September 27, 2024, by and between SIFCO Irish Holdings Ltd. and TB2 S.r.l., filed as Exhibit 10.1 to the Company's Form 8-K dated October 3, 2024, and incorporated herein by reference.
10.2	Eleventh Amendment to Credit Agreement, dated September 30, 2024, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC, and JPMorgan Chase Bank, N.A., filed as Exhibit 10.2 to the Company's Form 8-K dated October 3, 2024, and incorporated herein by reference.
10.3	Sixth Amendment to Export Credit Agreement, dated September 30, 2024, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC, and JPMorgan Chase Bank, N.A., filed as Exhibit 10.3 to the Company's Form 8-K dated October 3, 2024, and incorporated herein by reference.
10.4	First Amendment to Subordination and Intercreditor Agreement, dated September 30, 2024, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC, JPMorgan Chase Bank, N.A., and Garnet Holdings Inc., filed as Exhibit 10.4 to the Company's Form 8-K dated October 3, 2024, and incorporated herein by reference.
10.5	First Amendment to Subordinated Secured Promissory Note, dated September 30, 2024, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC and Garnet Holdings Inc., filed as Exhibit 10.5 to the Company's Form 8-K dated October 3, 2024, and incorporated herein by reference.
10.6	Loan and Security Agreement dated October 17, 2024 among Siena Lending Group LLC, SIFCO Industries, Inc., Quality Aluminum Forge, LLC and each of the Affiliates of the Borrowers signatory thereto from time to time as guarantors, filed as Exhibit 10.1 to the Company's Form 8-K dated October 23, 2024, and incorporated herein by reference.
**10.7	Offer Letter delivered by SIFCO Industries, Inc. to Jennifer Wilson on October 22, 2024, filed as Exhibit 10.1 to the Company's Form 8-K dated October 25, 2024, and incorporated herein by reference.
*31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) / 15d-14(a)
*31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) / 15d-14(a)
*32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
*32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350
*101	The following financial information from SIFCO Industries, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 filed with the SEC on May 15, 2025, formatted in XBRL includes: (i) Consolidated Condensed Statements of Operations for the fiscal periods ended March 31, 2025 and 2024, (ii) Consolidated Condensed Statements of Comprehensive Income for the fiscal periods ended March 31, 2025 and 2024, (iii) Consolidated Condensed Balance Sheets as of March 31, 2025 and September 30, 2024, (iv) Consolidated Condensed Statements of Cash Flow for the fiscal periods ended March 31, 2025 and 2024, (iv) Consolidated Condensed Statements of Shareholders' Equity for the periods March 31, 2025 and 2024, and (v) the Notes to the Consolidated Condensed Financial Statements.
*104	Cover Page Interactive Data File: the cover page XBRL tags are embedded within the Inline XBRL document and are contained with Exhibit 101

* Filed herewith.

** Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIFCO Industries, Inc.
(Registrant)

May 15, 2025	/s/ George Scherff
	George Scherff Chief Executive Officer (Principal Executive Officer)
May 15, 2025	/s/ Jennifer Wilson
	Jennifer Wilson Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION
OF THE CHIEF EXECUTIVE OFFICER
RULE 13A-14(A) / 15D-14(A)

I, George Scherff, certify that:

1. I have read this Quarterly Report on Form 10-Q of SIFCO Industries, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation;
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 15, 2025

/s/ George Scherff
George Scherff
Chief Executive Officer

Exhibit 31.2

CERTIFICATION
OF THE CHIEF FINANCIAL OFFICER
RULE 13A-14(A) / 15D-14(A)

I, Jennifer Wilson, certify that:

1. I have read this Quarterly Report on Form 10-Q of SIFCO Industries, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation;
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 15, 2025

/s/ Jennifer Wilson
Jennifer Wilson
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of SIFCO Industries, Inc. ("Company") on Form 10-Q for the quarter ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof ("Report"), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 15, 2025

/s/ George Scherff

George Scherff
Chief Executive Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by SIFCO Industries, Inc. for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that SIFCO Industries, Inc. specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to SIFCO Industries, Inc. and will be retained by SIFCO Industries, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of SIFCO Industries, Inc. (“Company”) on Form 10-Q for the quarter ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (“Report”), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 15, 2025	/s/ Jennifer Wilson
	Jennifer Wilson
	Chief Financial Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by SIFCO Industries, Inc. for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that SIFCO Industries, Inc. specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to SIFCO Industries, Inc. and will be retained by SIFCO Industries, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.