REFINITIV

DELTA REPORT

10-Q

SIF - SIFCO INDUSTRIES INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	454
CHANGES	172
DELETIONS	115
ADDITIONS	167

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 December 31, 2023 March 31, 2024
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 1-5978

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 ý 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 ý 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 December 31, 2023 March 31, 2024 was 6,159,987. 6,189,716.

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 December 31, Three Months Ended December 31, Three Months Ended December 31,						
	Three Months Ended March 31,			Six Months Ended March 31,			
	2023	2022	2024	2023		2024	2023
Net sales							
Cost of goods sold							
Gross profit							
Selling, general and administrative expenses							

Amortization of intangible assets
Amortization of intangible assets
Amortization of intangible assets
Gain on disposal of operating assets
Loss on disposal of operating assets
Operating loss
Operating loss
Operating loss
Interest expense, net
Interest expense, net
Interest expense, net
Foreign currency exchange loss (gain), net
Foreign currency exchange loss (gain), net
Foreign currency exchange loss (gain), net
Other expense, net
Foreign currency exchange loss, net
Foreign currency exchange loss, net
Foreign currency exchange loss, net
Other expense (income), net
Loss before income tax expense
Income tax expense
Net loss
Net loss
Net loss
Net loss per share
Net loss per share
Net loss per share
Basic
Basic
Basic
Diluted
Weighted-average number of common shares (basic)
Weighted-average number of common shares (basic)
Weighted-average number of common shares (basic)
Weighted-average number of common shares (diluted)

See notes to unaudited consolidated condensed financial statements.

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

	Three Months Ended December 31,					
	Three Months Ended December 31,					
	Three Months Ended December 31,					
		Three Months Ended March 31,		**Six Months Ended March 31,**		
	2023	**2022**	**2024**	**2023**	**2024**	**2023**
Net loss						
Other comprehensive loss:						
Foreign currency translation adjustment, net of tax						
Foreign currency translation adjustment, net of tax						
Foreign currency translation adjustment, net of tax						
Foreign currency translation (loss) gain, net of tax						
Foreign currency translation (loss) gain, net of tax						
Foreign currency translation (loss) gain, net of tax						
Retirement plan liability adjustment, net of tax						
Other						
Comprehensive loss						

See notes to unaudited consolidated condensed financial statements.

3

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

	December 31, 2023	September 30, 2023

	March 31, 2024	September 30, 2023
	(unaudited)	(unaudited)
ASSETS		
Current assets:		
Current assets:		
Current assets:		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Receivables, net of allowance for doubtful accounts of $121 and $242, respectively		
Short-term investments		
Receivables, net of allowance for credit losses of $131 and $242, respectively		
Contract assets		
Contract assets		
Contract assets		
Inventories, net		
Inventories, net		
Inventories, net		
Refundable income taxes		
Prepaid expenses and other current assets		
Prepaid expenses and other current assets		
Prepaid expenses and other current assets		
Total current assets		
Total current assets		
Total current assets		
Property, plant and equipment, net		
Operating lease right-of-use assets, net		
Intangible assets, net		
Goodwill		
Other assets		
Total assets		
Total assets		
Total assets		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current liabilities:		
Current liabilities:		

Current maturities of long-term debt

Current maturities of long-term debt

Current maturities of long-term debt

Promissory note - related party

Revolver

Short-term operating lease liabilities

Accounts payable

Accrued liabilities

Accrued liabilities ($760 is related party)

Accrued liabilities

Accrued liabilities ($760 is related party)

Accrued liabilities

Accrued liabilities ($760 is related party)

Total current liabilities

Total current liabilities

Total current liabilities

Long-term debt, net of current maturities, net of unamortized debt issuance costs

Long-term operating lease liabilities, net of short-term

Deferred income taxes, net

Pension liability

Other long-term liabilities

Shareholders’ equity:

Shareholders’ equity:

Shareholders’ equity:

Serial preferred shares, no par value, authorized 1,000 shares; 0 shares issued and outstanding at December 31, 2023 and September 30, 2023

Serial preferred shares, no par value, authorized 1,000 shares; 0 shares issued and outstanding at December 31, 2023 and September 30, 2023

Serial preferred shares, no par value, authorized 1,000 shares; 0 shares issued and outstanding at December 31, 2023 and September 30, 2023

Common shares, par value $1 per share, authorized 10,000 shares; issued and outstanding shares 6,160 at December 31, 2023 and 6,105 at September 30, 2023

Serial preferred shares, no par value, authorized 1,000 shares; 0 shares issued and outstanding at March 31, 2024 and September 30, 2023

Serial preferred shares, no par value, authorized 1,000 shares; 0 shares issued and outstanding at March 31, 2024 and September 30, 2023

Serial preferred shares, no par value, authorized 1,000 shares; 0 shares issued and outstanding at March 31, 2024 and September 30, 2023

Common shares, par value $1 per share, authorized 10,000 shares; issued and outstanding shares 6,190 at March 31, 2024 and 6,105 at September 30, 2023

Additional paid-in capital

Retained earnings	
Accumulated other comprehensive loss	
Total shareholders' equity	
Total liabilities and shareholders' equity	

See notes to unaudited consolidated condensed financial statements.

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

	Three Months Ended December 31,	
	2023	**2022**
Cash flows from operating activities:		
Net loss	$ (3,422)	$ (2,589)
Adjustments to reconcile net loss to net cash (used for) provided by operating activities:		
Depreciation and amortization	1,562	1,571
Amortization of debt issuance costs	11	10
Gain on disposal of operating assets	—	(11)
Loss on insurance proceeds received for non-property claim	—	110
LIFO effect	293	262
Share transactions under company stock plan, net	37	51
Inventory valuation accounts	392	(812)
Other long-term liabilities	18	(96)
Deferred income taxes	(37)	7
Changes in operating assets and liabilities:		
Receivables	2,230	1,632
Contract assets	(859)	(1,350)
Inventories	(4,056)	1,544
Prepaid expenses and other current assets	(667)	84
Other assets	(49)	107
Accounts payable	862	2,488
Other accrued liabilities	1,459	(2,775)
Accrued income and other taxes	89	59
Net cash (used for) provided by operating activities	(2,137)	292

Cash flows from investing activities:		
Proceeds from disposal of operating assets	—	12
Capital expenditures	(496)	(547)
Net cash used for investing activities	(496)	(535)
Cash flows from financing activities:		
Proceeds from long-term debt	2,183	—
Payments on long-term debt	(274)	(257)
Proceeds from revolving credit agreement	23,413	19,768
Repayments of revolving credit agreement	(23,641)	(19,385)
Payment of debt issuance costs	(236)	—
Proceeds from promissory note related party	3,000	—
Short-term debt borrowings	2,246	1,360
Short-term debt repayments	(1,223)	(1,370)
Net cash provided by financing activities	5,468	116
Increase (decrease) in cash and cash equivalents	2,835	(127)
Cash and cash equivalents at the beginning of the period	368	1,174
Effect of exchange rate changes on cash and cash equivalents	33	110
Cash and cash equivalents at the end of the period	$ 3,236	$ 1,157
Supplemental disclosure of cash flow information of operations:		
Cash paid for interest	$ (428)	$ (259)
Non-cash investing activities:		
Additions to property, plant & equipment - incurred but not yet paid	$ 541	$ 795
Non-cash financing activities:		
Debt issuance cost due at maturity - related party	$ 910	$ —

	Six Months Ended March 31,	
	2024	**2023**
Cash flows from operating activities:		
Net loss	$ (5,013)	$ (4,956)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	3,068	3,198
Amortization of debt issuance costs	352	20
Loss on disposal of operating assets	3	3
Loss on insurance proceeds received for non-property claim	—	110
LIFO effect	351	(199)
Share transactions under company stock plan, net	122	136
Inventory valuation accounts	666	(1,657)

Interest added to promissory note - related party (paid-in-kind)	106	—
Other long-term liabilities	106	(256)
Deferred income taxes	(142)	(64)
Changes in operating assets and liabilities:		
Receivables	(2,840)	(383)
Contract assets	115	(464)
Inventories	(5,917)	(29)
Prepaid expenses and other current assets	362	145
Other assets	(715)	317
Accounts payable	3,994	3,918
Other accrued liabilities	(201)	(390)
Accrued income and other taxes	235	178
Net cash used for operating activities	(5,348)	(373)
Cash flows from investing activities:		
Proceeds from disposal of operating assets	—	16
Capital expenditures	(1,314)	(1,435)
Purchase of short-term investments	(1,747)	—
Net cash used for investing activities	(3,061)	(1,419)
Cash flows from financing activities:		
Proceeds from long-term debt	2,183	—
Payments on long-term debt	(501)	(525)
Proceeds from revolving credit agreement	44,319	37,832
Repayments of revolving credit agreement	(43,090)	(35,991)
Payment of debt issuance costs	(228)	—
Proceeds from promissory note - related party	3,000	—
Short-term debt borrowings	5,268	2,356
Short-term debt repayments	(2,168)	(2,856)
Net cash provided by financing activities	8,783	816
Increase (decrease) in cash and cash equivalents	374	(976)
Cash and cash equivalents at the beginning of the period	367	1,175
Effect of exchange rate changes on cash and cash equivalents	6	117
Cash and cash equivalents at the end of the period	$ 747	$ 316

Supplemental disclosure of cash flow information of operations:				
Cash paid for interest	$	(871)	$	(550)
Cash paid for income taxes, net	$	(19)	$	(16)
Non-cash investing activities:				
Additions to property, plant & equipment - incurred but not yet paid	$	328	$	319
Non-cash financing activities:				
Debt issuance cost due at maturity - related party	$	910	$	—
Interest added to promissory note - related party (paid-in-kind)	$	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 December 31, 2023
Three Months Ended December 31, 2023
Three Months Ended December 31, 2023
Six Months Ended March 31, 2024
Six Months Ended March 31, 2024
Six Months Ended March 31, 2024

	Common Shares	Common	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Common	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance - September 30, 2023											
Balance - September 30, 2023											

Balance - September 30, 2023
Comprehensive (loss) income
Comprehensive (loss) income
Comprehensive (loss) income
Performance and restricted share expense
Performance and restricted share expense
Performance and restricted share expense
Share transactions under equity-based plans
Balance - December 31, 2023
Balance - March 31, 2024

	Three Months Ended December 31, 2022
	Three Months Ended December 31, 2022
	Three Months Ended December 31, 2022
	Three Months Ended March 31, 2024
	Three Months Ended March 31, 2024
	Three Months Ended March 31, 2024

	Common Shares	Common	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders’ Equity	Common	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders’ Equity
Balance - September 30, 2022											
Balance - December 31, 2023											
Balance - September 30, 2022											
Balance - December 31, 2023											
Balance - September 30, 2022											
Balance - December 31, 2023											
Comprehensive (loss) income											
Comprehensive (loss) income											
Comprehensive (loss) income											
Comprehensive loss											
Comprehensive loss											
Comprehensive loss											
Performance and restricted share expense											
Performance and restricted share expense											
Performance and restricted share expense											

Share transactions under equity-based plans
Balance - December 31, 2022
Balance - March 31, 2024

	Six Months Ended March 31, 2023					
	Common		Additional Paid-In	Retained	Accumulated Other Comprehensive	Total Shareholders'
	Shares	Amount	Capital	Earnings	Loss	Equity
Balance - September 30, 2022	6,040	$ 6,040	$ 11,387	$ 31,956	$ (8,693)	$ 40,690
Comprehensive (loss) income	—	—	—	(4,956)	569	(4,387)
Performance and restricted share expense	—	—	207	—	—	207
Share transactions under equity-based plans	68	68	(139)	—	—	(71)
Balance - March 31, 2023	6,108	$ 6,108	$ 11,455	$ 27,000	$ (8,124)	$ 36,439

	Three Months Ended March 31, 2023					
	Common		Additional Paid-In	Retained	Accumulated Other Comprehensive	Total Shareholders'
	Shares	Amount	Capital	Earnings	Loss	Equity
Balance - December 31, 2022	6,072	$ 6,072	$ 11,406	$ 29,367	$ (8,272)	$ 38,573
Comprehensive (loss) income	—	—	—	(2,367)	148	(2,219)
Performance and restricted share expense	—	—	85	—	—	85
Share transactions under equity-based plans	36	36	(36)	—	—	—
Balance - March 31, 2023	6,108	$ 6,108	$ 11,455	$ 27,000	$ (8,124)	$ 36,439

See notes to unaudited consolidated condensed financial statements.

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

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 significant intercompany accounts and transactions have been eliminated in consolidation.

The United States ("U.S.") dollar is the functional currency for all of the Company's operations in the United States ("U.S.") and its non-operating subsidiaries. For these operations, all gains and losses from completed currency transactions are included in income (loss). net loss. The functional currency for the Company's other non-U.S. subsidiaries is the Euro. 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 fiscal 2023 Annual Report on Form 10-K. 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 Annual Report on Form 10-K for the year ended September 30, 2023.

C. Short-term Investments

In general, short-term investments have a maturity of three months to one year at the date of purchase. Short-term investments classified as held-to-maturity are recorded at cost, which approximates fair value.

D. Accounts Receivable and Allowance for Credit Losses

Accounts receivable represent the Company's unconditional rights to consideration, subject to the payment terms of the contract, for which only the passage of time is required before payment. Unbilled receivables are reflected under contract assets on the consolidated condensed balance sheets.

The Company establishes allowances for credit losses on accounts receivable, customer financing receivables, and certain other financial assets. The adequacy of these allowances are assessed quarterly through consideration of factors including, but not limited to, customer credit ratings, bankruptcy filings, published or estimated credit default rates, age of the receivable, expected loss rates and collateral exposures. The Company determines the creditworthiness of each customer based upon publicly available information and information obtained directly from its customers.

Allowance for credit losses:	**Three Months Ended March 31, 2024**	**Six Months Ended March 31, 2024**
Opening allowance for credit losses	$ (121)	$ (242)

Changes in estimate	(21)	100
Write-offs	11	11
Recoveries	—	—
Total allowance for credit losses	$ (131)	$ (131)

E. 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 December 31,					
	Three Months Ended December 31,					
	Three Months Ended December 31,					
		Three Months Ended March 31,		Six Months Ended March 31,		
	2023	2022	2024	2023	2024	2023
Net loss						
Net loss						
Net loss						
Weighted-average common shares outstanding (basic and diluted)						
Weighted-average common shares outstanding (basic and diluted)						
Weighted-average common shares outstanding (basic and diluted)						
Net loss per share – basic and diluted						
Net loss per share – basic and diluted						
Net loss per share – basic and diluted						
Anti-dilutive weighted-average common shares excluded from calculation of diluted earnings per share						

Anti-dilutive weighted-average common shares excluded from calculation of diluted earnings per share

Anti-dilutive weighted-average common shares excluded from calculation of diluted earnings per share

D. F. Going Concern

In accordance with ASU 2014-15, "*Presentation of Financial Statements—Going Concern (Subtopic 205-40) ("ASC 205-40")*", the Company has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. This evaluation requires management to perform two steps. First, management must evaluate whether there are conditions and events that raise substantial doubt about the entity's ability to continue as a going concern. Second, if management concludes that substantial doubt is raised, management is required to consider whether its plans that are not yet fully implemented are probable of both being implemented and effective in alleviating that doubt. In the event substantial doubt is raised, disclosures in the notes to the consolidated condensed financial statements of management's plans and management's conclusion as to whether

the substantial doubt exists or has been alleviated are required. The consolidated condensed financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets, or the amounts and classification of liabilities that may result from the outcome of this uncertainty. This step shall not take into consideration the potential mitigating effects of plans that have not been fully implemented as of the date the financial statements are issued.

The Company has debt maturing in October 2024. As a result of this condition, there is substantial doubt about the Company's ability to continue as a going concern.

The Company continues to evaluate available financial alternatives, including obtaining acceptable alternative financing. The Company cannot provide assurances that it will be successful in restructuring the existing debt obligations, obtaining capital or entering into a strategic alternative transaction which provides sufficient funding for the refinancing of its outstanding indebtedness prior to the maturity date of its obligations under the Credit Agreements. Agreement. See Note 7*, Debt.*

E. G. Recent Accounting Standards Adopted

In June 2016, the FASB issued ASU 2016-13, *"Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"* and subsequent updates. ASU 2016-13 changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The new guidance will replace the current incurred loss approach with an expected loss model. The new expected credit loss impairment model will apply to most financial assets measured at amortized cost and certain other instruments, including trade and other receivables, loans, held-to-maturity debt instruments, net investments in leases, loan commitments and standby letters of credit. Upon initial recognition of the exposure, the expected credit loss model requires entities to estimate the credit losses expected over the life of an exposure (or pool of exposures). The estimate of expected credit losses should consider historical information, current information and reasonable and supportable forecasts, including estimates of prepayments. Financial instruments with similar risk characteristics should be grouped together when estimating expected credit losses. ASU 2016-13 does not prescribe a specific method to make the estimate, so its application will require significant judgment. ASU 2016-13 is effective for public companies in fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. However, in November 2019, the FASB issued ASU 2019-10, *"Financial Instruments - Credit Loss (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842),"* which defers the effective date for public filers that qualify as a smaller reporting company ("SRC"), as defined by the Securities and Exchange Commission, to fiscal years after December 15, 2022, including interim periods within those fiscal years. Because SIFCO is considered a SRC, this ASU is effective for the

Company beginning October 1, 2023. The effect of adopting this ASU did not have an impact to the Company's results within the consolidated condensed statements of operations and financial condition.

F. H. Recent Accounting Standards Not Yet Adopted

In July 2023, the FASB issued ASU 2023-03, "*Presentation of Financial Statement (Topic 205), Income Statement - Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation - Stock Compensation (Topic 718)"*, to amend various SEC paragraphs in the Accounting Standards Codification to reflect the issuance of SEC Staff Accounting Bulletin No. 120, among other things. The ASU does not provide any new guidance so there is no transition or effective date associated with it. The Company is currently assessing the impact of adopting ASU 2023-03 on the consolidated condensed 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 is currently assessing the impact of adopting ASU 2023-07 on the consolidated condensed 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 condensed financial statements and related disclosures.

G.In March 2024, the FASB issued ASU 2024-01 "*Compensation - Stock Compensation (Topic 718) - Scope Application of Profits Interest and Similar Awards*" ("ASU 2024-01") clarifies how an entity determines whether a profits interest or similar award is within the scope of Topic 718 or is not a share-based payment arrangement and therefore within the scope of other guidance. ASU 2024-01 provides an illustrative example with multiple fact patterns and also amends certain language in the "Scope" and "Scope Exceptions" sections of Topic 718 to improve its clarity and operability without changing the guidance. Entities can apply the amendments either retrospectively to all prior periods presented in the financial statements or prospectively to profits interest and similar awards granted or modified on or after the date of adoption. If prospective application is elected, an entity must disclose the nature of and reason for the change in accounting principle. The amendments in ASU 2024-01 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2024. The Company is currently assessing the impact of this standard on our consolidated condensed financial statements and related disclosures.

In March 2024, the FASB issued ASU 2024-02 "*Codification Improvements*" ("ASU 2024-02") amends the Codification to remove references to various concepts statements and impacts a variety of topics in the Codification. The amendments apply to all reporting entities within the scope of the affected accounting guidance, but in most instances the references removed are extraneous and not required to understand or apply the guidance. Generally, the amendments in ASU 2024-02 are not intended to result in significant accounting changes for most entities and is effective or fiscal years beginning after December 15, 2024. The Company is currently assessing the impact of this standard on our consolidated condensed financial statements and related disclosures.

I. Employee Retention Credit

Under the Employee Retention Credit ("ERC") program, eligible businesses, both for-profit and not-for-profit, that experienced a full or partial government-ordered suspension of operations or a "significant" decline in gross receipts in any quarter (more than 50% decrease in 2020 from 2019, and more than 20% in 2021) could receive a quarterly refundable payroll tax credit. The Company, with reasonably assured qualification, submitted for refunds under the ERC program. program on January 23, 2024. These submissions are still pending review and approval from the Internal Revenue Service ("IRS").

As no authoritative guidance exists under U.S. GAAP for reporting ERCs, the Company adopted International Accounting Standards ("IAS") 20 – *Accounting for Government Grants and Disclosure of Government Assistance,* which permits the recording and presentation of either the gross amount as other income or netting the credit against related expense. The ERC will be recognized as a reduction in other manufacturing and selling, general and administrative expenses and allocated to the financial statement categories from which the payroll taxes were originally incurred. For the three and six months ended December 31, 2023 March 31, 2024 and 2022, 2023, there was no income or expense recorded.

2. Inventories

Inventories consist of:

	December 31, 2023	September 30, 2023
	March 31, 2024	September 30, 2023
Raw materials and supplies		
Work-in-process		
Finished goods		
Total inventories, net		

For a portion of the Company's inventory, cost is determined using the last-in, first-out ("LIFO") method. Approximately 32% 34% and 19% of the Company's inventories at December 31, 2023 March 31, 2024 and September 30, 2023, 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 $9,927 $9,985 and $9,634 higher than reported at December 31, 2023 March 31, 2024 and September 30, 2023, 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 December 31, 2023 March 31, 2024 and September 30, 2023, our inventory valuation allowances were $3,534 $3,883 and $4,049, respectively.

3. Long-lived Assets

The Company reviews the carrying value of its long-lived assets ("asset groups"), when events and circumstances indicate a triggering event has occurred. A triggering event is a change in circumstances that indicates the carrying value of the asset group may not be recoverable. This review is performed using estimates of future undiscounted cash flows, which include proceeds from disposal of assets. Under the Accounting Standard Codification ("ASC") 360 ("Topic 360"), if the carrying value of a long-lived asset is greater than the estimated undiscounted future cash flows, then the long-lived asset is considered impaired and an impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value.

The Company continuously monitors for indicators of impairment to determine if further testing is necessary. In the first second quarter of fiscal 2024, the Company evaluated potential triggering events and did not identify any indicators that the asset groups might be impaired.

4. Goodwill

The Company tests its goodwill for impairment in the fourth fiscal quarter, and in interim periods if certain events occur indicating that the carrying amount of goodwill may be impaired. In the first second quarter of fiscal 2024, the Company evaluated potential triggering events and determined interim testing was not required.

11

---

5. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss are as follows:

	December 31, 2023	September 30, 2023
Foreign currency translation adjustment		

	March 31, 2024	September 30, 2023
Foreign currency translation loss, net of tax		
Retirement plan liability adjustment, net of tax		
Interest rate swap agreement, net of tax		
Total accumulated other comprehensive loss		

6. Leases

The components of lease expense were as follows:

	Three Months Ended December 31,		
	Three Months Ended December 31,		
	Three Months Ended December 31,		
		2023	2022

	Three Months Ended March 31,		Six Months Ended March 31,	
	2024	2023	2024	2023
Finance lease expense:				
Finance lease expense:				
Finance lease expense:				
Amortization of right-of use assets on finance leases				
Amortization of right-of use assets on finance leases				
Amortization of right-of use assets on finance leases				

Interest on lease liabilities
Operating lease expense
Variable lease cost
Variable lease cost
Variable lease cost
Total lease expense
Total lease expense
Total lease expense

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

Classification in the consolidated condensed balance sheets	**Classification in the consolidated condensed balance sheets**	**December 31, 2023**	**September 30, 2023**	**Classification in the consolidated condensed balance sheets**	**March 31, 2024**	**September 30, 2023**
Assets:						
Finance lease assets						
Finance lease assets						
Finance lease assets						
Operating lease assets						
Total lease assets						
Current liabilities:						
Current liabilities:						
Current liabilities:						
Finance lease liabilities						
Finance lease liabilities						
Finance lease liabilities						
Operating lease liabilities						
Non-current liabilities:						
Finance lease liabilities						
Finance lease liabilities						
Finance lease liabilities						

Operating lease liabilities

Total lease liabilities

10

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

	December 31, 2023	December 31, 2022
	March 31, 2024	March 31, 2023
Other Information		
Cash paid for amounts included in measurement of liabilities:		
Cash paid for amounts included in measurement of liabilities:		
Cash paid for amounts included in measurement of liabilities:		
Operating cash flows from operating leases		
Operating cash flows from operating leases		
Operating cash flows from operating leases		
Operating cash flows from finance leases		
Financing cash flows from finance leases		
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases		
Operating leases		
Operating leases		

	December 31, 2023	September 30, 2023
Weighted-average remaining lease term (years):		
Finance leases	3.1	2.9
Operating leases	12.3	12.5
Weighted-average discount rate:		
	March 31, 2024	September 30, 2023
Finance leases	5.0 %	5.1 %
Operating leases	5.9 %	5.9 %
Weighted-average remaining lease term (years):		
Finance leases	2.6	2.9

12

Operating leases	12.1	12.5
Weighted-average discount rate:		
Finance leases	5.0 %	5.1 %
Operating leases	5.9 %	5.9 %

Future minimum lease payments under non-cancellable leases at December 31, 2023 March 31, 2024 were as follows:

	Finance Leases	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Year ending September 30,					
2024 (excluding the three months ended December 31, 2023)					
2024 (excluding the three months ended December 31, 2023)					
2024 (excluding the three months ended December 31, 2023)					
2024 (excluding the six months ended March 31, 2024)					
2024 (excluding the six months ended March 31, 2024)					
2024 (excluding the six months ended March 31, 2024)					
2025					
2026					
2027					
2028					
Thereafter					
Total lease payments					
Less: Imputed interest					
Present value of lease liabilities					

7. Debt

Debt consists of:

	December 31, 2023	September 30, 2023
	March 31, 2024	September 30, 2023
Revolving credit agreement		
Foreign subsidiary borrowings, net of unamortized debt issuance cost		
Promissory note - related party		
Finance lease obligations		
Less: unamortized debt issuance cost - ($910 is related party)		
Other, net of unamortized debt issuance costs $(6) and $(9), respectively		
Less: unamortized debt issuance cost - ($617 is related party)		
Other, net of unamortized debt issuance costs $(5) and $(9), respectively		
Total debt		
Total debt		

Total debt	
Less – current maturities	
Less – current maturities	
Less – current maturities	
Total long-term debt	

Credit Agreement and Security Agreement

On November 8, 2023, the Company entered into the Eighth Amendment to the Credit Agreement (the "Eighth Amendment") with its Lender. JPMorgan Chase Bank, N.A. ("Lender"). The Eighth Amendment, among other things, reduced the Reserves under the Borrowing Base in the Credit Agreement to $1,500, or such lesser amount, if any, as may be agreed upon in writing by the Lender in its sole discretion.

The Company entered into the Ninth Amendment (the "Ninth Amendment") to the Credit Agreement and the Fourth Amendment (the "Fourth Amendment") to the Export Credit Agreement with its lender on December 21, 2023. The Ninth Amendment amends the Credit Agreement to, among other things, to: (i) reflect the incurrence by borrowers of the Subordinated Loan and the execution and delivery by borrowers, the Lender and Mark J. Silk (Mr. Silk is a member of the Board of Directors of the Company and considered a related party) of the Subordinated Loan Documents, and the receipt by borrowers of $3,000 in immediately available funds on the Ninth Amendment Effective Date; (ii) delay the maturity date from December 31, 2023 to October 4, 2024, or any earlier date on which the Revolving Commitment is reduced to zero or otherwise terminated pursuant to the terms of the Credit Agreement; (iii) reduce the Revolving Commitment to $19,000 from $23,000;

(iv) modify the definition of Borrowing Base to mean, at any time, the sum of (a) 85% of Eligible Accounts at such time, plus (b) the lesser of (1) 70% of Eligible Inventory, valued at the lower of cost or market value, determined on a first-in-first-out basis, at such time and (2) the product of 85% multiplied by the NOLV Percentage identified in the most recent inventory appraisal ordered by the Lender multiplied by Eligible Inventory, valued at the lower of cost or market value, determined on a first-in-first-out basis, at such time, minus (c) Reserves of $1,500, increasing on the first day of each month by $250, commencing on May 1, 2024 and continuing until (and including) August 1, 2024, or such lesser amount, if any, as may be agreed upon in writing by the Lender in its sole discretion (which may be by email from the Lender), plus (d) the PP&E Component; (v) modify the Applicable Margin schedule to reflect the following applicable rates: 2.75% (CBFR REVSOFR30), 0.25% (CBFR Spread (CB Floating Rate)), 2.75% (SOFR Spread), and 0.50% (Commitment Fee Rate); and (vi) amend and restate subsection (l) of the Reporting Schedule to require, by the 17th day of every month, the delivery of a rolling 13 week cash flow forecast in form acceptable to Lender, which must include a projected to actual results comparison for the week then ended and on a cumulative basis from the beginning of the cash flow forecast. The Fourth Amendment of the Export Credit Agreement, to, among other things, to: (i) reflect the incurrence by borrowers of the Subordinated Loan and the execution and delivery by borrowers, the Lender and Silk of the Subordinated Loan Documents, and the receipt by borrowers of $3,000 in immediately available funds on the Ninth Amendment Effective Date; and (ii) delay the maturity date to October

4, 2024, or any earlier date on which the Revolving Commitment is reduced to zero or otherwise terminated pursuant to the terms thereof.

The total collateral at December 31, 2023 March 31, 2024 and September 30, 2023 was $23,065 $23,223 and $21,089, respectively, and the revolving commitment was $26,000 and $30,000, respectively. Total availability at December 31, 2023 March 31, 2024 and September 30, 2023 was $5,034 $3,711 and $2,830, respectively, which exceeds both the collateral and total commitment threshold. The Credit Agreement contains affirmative and negative covenants and events of default. Since the availability exceeded the $1,500 reserve minimum as of December 31, 2023 March 31, 2024 and September 30, 2023, no covenant calculations were required. The Company has a letter of credit balance of $1,970 as of December 31, 2023 March 31, 2024 and September 30, 2023, respectively. The Credit Agreement under the Ninth Amendment has a maturity date of October 4, 2024.

The revolving credit agreement (or "revolver"), as amended, has a rate based on SOFR plus a 2.75% spread, which was 8.2% at December 31, 2023 March 31, 2024 and a rate based on SOFR plus a 2.25% spread, which was 7.7% at September 30, 2023. The Export Credit Agreement as amended has a rate based on SOFR plus a 2.25% spread, which was 7.7% at December 31, 2023 March 31, 2024 and a rate based on SOFR plus a 1.75% spread, which was 7.2% at September 30, 2023. The Company also has a commitment fee of 0.50% under the Credit Agreement as amended to be incurred on the unused balance of the revolver.

Debt issuance costs - revolver

The Company incurred new debt issuance costs of $117 in the first quarter of fiscal 2024 as it pertains to the new amendments entered into, which are included in the consolidated condensed balance sheet as a deferred charge in other current assets, net of amortization of $0 $44 at December 31, 2023 March 31, 2024. The Company previously had debt issuance costs of $86, which were included in the consolidated condensed balance sheets as a deferred charge in other current assets, net of amortization of $86 and $78 at December 31, 2023 March 31, 2024 and September 30, 2023, respectively.

Subordinated Promissory Note and Guarantee

The Company, in connection with the Ninth Amendment and the Fourth Amendment, incurred a 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 (the "Subordinated Loan") on the terms and subject to the conditions of a Subordinated Secured Promissory Note (the "Subordinated Promissory Note"). The obligations of borrowers under the Subordinated Loan mature on October 4, 2024. Interest accrues on

the then-outstanding principal amount at a rate of 14% per annum and shall be paid in kind (and not in cash) by capitalization as additional principal ("PIK Interest") each six-month period after the date hereof in arrears. The Company agreed to pay to Mr. Silk a fully earned and non-refundable fee in an amount equal to $150, which fee shall be due and payable in full on, and subject to the occurrence of the Maturity Date or such earlier date on which the Company’s obligations under the Subordinated Promissory Note are accelerated pursuant to the terms thereof. Borrower’s obligations under the Subordinated Promissory Note are secured by a first priority lien, subject to any liens granted to Lender as described in the Subordination Agreement, on all of borrowers’ accounts, deposit accounts, contract rights, documents, equipment, general intangibles, instruments, inventory, investment property, commercial tort claims, all other goods and personal property whether tangible or intangible and wherever located, and all proceeds of the foregoing. The Subordinated Promissory note carrying value was $3,150 $3,256 and $0 at December 31, 2023 March 31, 2024 and September 30, 2023, respectively. The Subordinated Promissory Note interest rate was 14% and 0% at December 31, 2023 March 31, 2024 and September 2023, respectively.

The Ninth Amendment was also subject to including, but not limited to, the execution and delivery by Mark. J. Silk, a member of the Board of Directors of the Company ("Silk"), of a Guaranty Agreement (the "Guaranty") in favor of Lender pursuant to which Silk guarantees the obligations of borrowers under the Credit Agreement and Export Credit Agreement. The Fee Letter

requires the borrowers to pay Silk a fee (the "Guaranty Fee") in consideration for his agreement to execute and deliver the Guaranty in an amount equal to $760, which was included in the consolidated condensed balance sheets as a deferred charge in accrued liabilities. The Guaranty Fee becomes due and payable on the maturity date.

Foreign subsidiary borrowings in USD

Foreign debt consists of:

	December 31, 2023	September 30, 2023
	March 31, 2024	September 30, 2023
Term loan, net of unamortized debt issuance cost $(89) and $0, respectively		
Short-term borrowings		
Factor		
Total debt		
Less – current maturities		
Less – current maturities		
Less – current maturities		
Total long-term debt		
Receivables pledged as collateral		
Receivables pledged as collateral		
Receivables pledged as collateral		

Interest rates on foreign borrowings are based on Euribor rates, which range from 0.5% to 8.0%.

The Company's Maniago, Italy ("Maniago") location obtained borrowings from two separate lending sources in the first quarter of fiscal 2024. The first was a bond for $2,208 with repayment terms of seven years. Under the terms of the borrowing, repayments are made semi-annually in the amount of $200, beginning on June 29, 2024. The proceeds from this loan are shown within cash and cash equivalents and short-term investments on the consolidated condensed balance sheets and will be used for capital investment. A second loan with a with a term of 1 year, 6 months was obtained in the amount of $1,104. The proceeds from this loan will be for working capital purposes.

The Company factors receivables from one of its customers. The Company accounts for the pledge of receivables under this agreement as short-term debt and continues to carry the receivables on its consolidated condensed balance sheets.

8. 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 three six months of fiscal 2024 was (1.5) (2.0)%, compared with (2.6) (1.9)% for the same period of fiscal 2023. The decrease in the effective rate was primarily attributable to changes in jurisdictional mix of income in fiscal 2024 compared with the same period of fiscal 2023. 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, Italy, and various state and local jurisdictions.
13 As of the second quarter of fiscal 2024, the Company maintains a full valuation allowance on the net deferred tax assets in the U.S., Ireland and Italy.

---

9. 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 December 31, Three Months Ended December 31, Three Months Ended December 31,							
			Three Months Ended March 31,		Six Months Ended March 31,			
		2023		2022	2024	2023	2024	2023
Service cost								
Interest cost								
Expected return on plan assets								
Amortization of net loss								
Amortization of net loss								
Amortization of net loss								
Net periodic pension cost (benefit)								
Net periodic pension cost (benefit)								
Net periodic pension cost (benefit)								
Net periodic pension cost								
Net periodic pension cost								
Net periodic pension cost								

15

During the three six months ended December 31, 2023 March 31, 2024 and 2022, 2023, the Company made $9 $18 and $8 $13 in cash contributions, and $86 and $0 in non-cash contributions utilizing carryover balance, respectively, to its defined benefit pension plans. The Company anticipates making $66 $57 in cash contributions to fund its defined benefit pension plans for the balance of fiscal 2024, 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 2024. 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 2024.

10. 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 three six months of fiscal 2024, the Company granted 120 shares under the 2016 Plan to certain key employees. The awards were split into two tranches, comprised of 46 performance-based shares and 74 time-based restricted shares, with a grant date fair value of $3.60 per share. The awards vest over three years. There were 8 19 shares forfeited during the three six month period ended December 31, 2023 March 31, 2024.

In the first six months of fiscal 2024, the Company granted its non-employee directors 39 restricted shares under the 2016 Plan, with a grant date fair value of $3.08 per share, which vest over one year. One award for 38 restricted shares vested in January 2024.

If all outstanding share awards are ultimately earned and vest at the target number of shares, there are approximately 308 280 shares that remain available for award at December 31, 2023 March 31, 2024. 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 under the 2016 Plan was $86 $171 and $122 $207 during the first three six months of fiscal 2024 and 2023, respectively. As of December 31, 2023 March 31, 2024, there was $573 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 1.8 1.7 years.

11. 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 December 31, **Three Months Ended December 31,** **Three Months Ended December 31,**			
		2023		**2022**
	Three Months Ended March 31,		**Six Months Ended March 31,**	
	2024	**2023**	**2024**	**2023**
Commercial revenue				
Military revenue				
Total				

The following table represents revenue by end market:

		Three Months Ended December 31, Three Months Ended December 31, Three Months Ended December 31,								
				Three Months Ended March 31,			Six Months Ended March 31,			
Net Sales	**Net Sales**	**2023**		**2022**	**Net Sales**	**2024**	**2023**		**2024**	**2023**
Aerospace components for:										
Fixed wing aircraft										
Fixed wing aircraft										
Fixed wing aircraft										
Rotorcraft										
Energy components for power generation units										
Commercial product and other revenue										
Total										

The following table represents revenue by geographic region based on the Company's selling operation locations:

		Three Months Ended December 31, Three Months Ended December 31, Three Months Ended December 31,								
				Three Months Ended March 31,			Six Months Ended March 31,			
Net Sales	**Net Sales**	**2023**		**2022**	**Net Sales**	**2024**	**2023**		**2024**	**2023**
North America										
Europe										
Total										

In addition to the disaggregated revenue information provided above, approximately 41% 40% and 54% 49% of total net sales for the three six months ended December 31, 2023 March 31, 2024 and 2022, 2023, 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.

15

Contract Balances

The following table contains a roll forward of contract assets and contract liabilities for the period beginning October 1, 2023 and ended December 31, 2023 March 31, 2024 compared to period beginning October 1, 2022 and ended March 31, 2023:

	December 31, 2023	December 31, 2022
	March 31, 2024	March 31, 2023
Contract assets - Beginning balance		
Additional revenue recognized over-time		
Less amounts billed to the customers		
Contract assets - Ending balance		

	December 31, 2023	December 31, 2022
Contract liabilities (included within Accrued liabilities) - Beginning balance	$ (1,150)	$ (807)
Payments received in advance of performance obligations	(1,753)	(1,401)
Performance obligations satisfied	20	426
Contract liabilities (included within Accrued liabilities) - Ending balance	$ (2,883)	$ (1,782)

17

	March 31, 2024	March 31, 2023
Contract liabilities (included within Accrued liabilities) - Beginning balance	$ (1,150)	$ (807)
Payments received in advance of performance obligations	(1,830)	(1,428)
Performance obligations satisfied	1,581	1,019
Contract liabilities (included within Accrued liabilities) - Ending balance	$ (1,399)	$ (1,216)

Accounts receivable were $16,515 and $15,308 $17,395 at September 30, 2022 and December 31, 2022 March 31, 2023, respectively. There were no impairment losses recorded on contract assets as of December 31, 2023 March 31, 2024 and September 30, 2023.

Remaining performance obligations

As of December 31, 2023 March 31, 2024, the Company has $103,569 $137,771 of remaining performance obligations, the majority of which are anticipated to be completed within the next twelve months.

12. Commitments and Contingencies

On December 30, 2022, the Company became aware of a cyber security issue involving unauthorized access to the Company's system (the "Cyber Incident"). The Company immediately began an investigation and engaged cyber security experts to assist with the assessment of the incident and to help determine what data was impacted. The Company's investigation uncovered that the threat actor had gained access to certain areas of the Company's systems on or about December 27, 2022. With the assistance of outside cyber security experts, the Company located and closed the unauthorized access to our systems, and identified compromised information, and notified those impacted in accordance with state and federal requirements. The Company undertook a number of other measures to demonstrate our continued support and commitment to data privacy and protection and coordinated with law enforcement.

The Company maintains $3,000 of cybersecurity insurance coverage to limit our exposure to losses such as those related to the Cyber Incident. The Company recorded a benefit expense of $1 $23 to selling, general, and administrative expenses in the three six months ended December 31, 2023 March 31, 2024. The Company recorded expense of $977 to selling, general, and administrative expenses and recorded costs of $110 to other expense (income), net related to loss on insurance recovery in the three six months ended December 31, 2022 March 31, 2023. At December 31, 2023 March 31, 2024 and September 30, 2023, the Company recorded $827 and $965, respectively, related to the Cyber Incident in accounts payable on the consolidated condensed balance sheets.

The Company has incurred, and may continue to incur, certain expenses related to this attack, including expenses associated with additional remediation measures. attack. The Company will accrue these costs as incurred.

13. Related Party Transactions

On December 21, 2023, the Company entered into the Ninth Amendment and Fourth Amendment with its lender incurring a secured subordinated loan from GHI, in the original principal amount of $3,000. GHI is controlled by Mr. Silk, a member of the Board of Directors of the Company and considered a related party. The Company has recorded interest expense of $106 for the three and six month periods ending March 31, 2024, which was included in the consolidated condensed balance sheets in the Promissory note - related party line. Additionally, Mr. Silk provided a Guaranty in favor of the Lender pursuant to which Mr. Silk guarantees the obligations of borrowers under the Credit Agreement and Export Credit Agreement. As part of the Guaranty and Promissory Note, the Company will pay GHI fees of $760 and $150, respectively, and has paid $30 of legal costs. The Company has accumulated a total of $940 $638 deferred financing costs related to the Guaranty and Subordinated Promissory Note. Note, which was included in the consolidated condensed balance sheets in current maturities of long-term, net of $302 amortization. See Note 7, *Debt* for further information.

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 business; and (19) the continued long term impact of the COVID-19 pandemic and related residual negative impact on the global economy, which may exacerbate the above factors and/or impact our results of operations and financial condition; and (20) in connection with its entry into the Ninth Amendment (the "Ninth Amendment") to its Credit Agreement and Fourth Amendment (the "Fourth Amendment") to its Export Credit Agreement, and as a condition to the consummation by the Company's senior lender of the transactions contemplated thereby: (a) the Company incurred a 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 $3.0 million, which subordinated loan is subject to the terms and conditions of an Intercreditor and Subordination Agreement by and among the Company, GHI and the Company's senior lender; and (b) Mr. Silk executed and delivered a personal guaranty in favor of the Company's senior lender of certain Company indebtedness under the Credit Agreement and the Export Credit Agreement. The Company is evaluating available financial strategic alternatives, including obtaining acceptable alternative financing. If the Company is unable to restructure existing debt obligations, obtain capital or enter into a strategic alternative transaction which provides sufficient funding for the refinancing of its outstanding indebtedness prior to the maturity date of its obligations by the terms of stated in the Ninth Amendment, the lender under the Credit Agreement may choose to accelerate repayment. The Company cannot provide assurances that it will be successful in restructuring the existing debt obligations, obtaining capital or entering into a strategic alternative transaction which provides sufficient funding for the refinancing of its outstanding indebtedness prior to the maturity date of its obligations under the Credit Agreements.

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.

Backlog of Orders

SIFCO's total backlog at December 31, 2023 March 31, 2024 was $130.1 million $137.8 million, of which $103.6 million $105.3 million are anticipated to be complete within the next 12 months, compared with total backlog of $84.2 million $96.7 million as of December 31, 2023 March 31, 2023. Orders may be subject to modification or cancellation by the customer with limited charges. Recovery in the A&E markets has resulted in increased bookings. Backlog information may not be indicative of future sales.

Three

19

Six Months Ended December 31, 2023 March 31, 2024 compared with Three Six Months Ended December 31, 2022 March 31, 2023

Net Sales

Net sales comparative information for the first three six months of fiscal 2024 and 2023 is as follows:

(Dollars in millions)	(Dollars in millions)	Three Months Ended December 31,	Increase/ (Decrease)	(Dollars in millions)	Six Months Ended March 31,	Increase/ (Decrease)
Net Sales						
Aerospace components for:						
Aerospace components for:						
Aerospace components for:						
Fixed wing aircraft						
Fixed wing aircraft						
Fixed wing aircraft						
Rotorcraft						
Energy components for power generation units						
Commercial product and other revenue						
Total						

Net sales for the first three six months of fiscal 2024 decreased $0.2 million increased $7.1 million to $21.1 million $47.6 million, compared with $21.3 million $40.5 million in the comparable period of fiscal 2023. In general, the production of the Company's products have lead times of varying lengths. Fixed wing sales decreased $0.8 million were slightly higher compared with the same period last year. Rotorcraft sales were slightly lower compared with the same period last year primarily due to F18 demand reduction and timing of orders on for the 767 and other programs. Rotorcraft sales decreased $1.2 million compared with the same period last year primarily due to V22 demand reduction. program. The energy components for power generation units increased by $1.6

million $3.0 million due to growth in the steam turbine markets. Commercial products and other revenue were slightly higher compared with increased by $4.3 million due to commercial space and the same period last year. 787 program.

Commercial net sales were 62.9% 64.3% of total net sales and military net sales were 37.1% 35.7% of total net sales in the first three six months of fiscal 2024, compared with 47.8% 53.1% and 52.2% 46.9%, respectively, in the comparable period in fiscal 2023. Military net sales decreased by $3.3 million $2.0 million to $7.8 million $17.0 million in the first three six months of fiscal 2024, compared with $11.1 million $19.0 million in the comparable period of fiscal 2023, primarily due to F18 F35 and V22 demand reduction. Commercial net sales increased $3.0 million $9.1 million to $13.2 million $30.6 million in the first three six months of fiscal 2024, compared with $10.2 million $21.5 million in the comparable period of fiscal 2023, primarily due to an increase in the power generation steam turbine market and commercial space.

Cost of Goods Sold

Cost of goods sold increased by $0.3 million $6.6 million, or 1.4% 17.5%, to $20.3 million $44.1 million, or 96.5% 92.7% of net sales, during the first three six months of fiscal 2024, compared with $20.0 million $37.6 million or 94.1% 92.7% of net sales, in the comparable period of fiscal 2023. The increase is primarily due to product mix, higher sales volume, higher labor costs of $0.4 million, outside services $0.3 million $1.4 million and $0.1 million $0.2 million of hiring costs as the Company increased production to meet customer demands. demands, partially offset by lower idle expense of $0.7 million.

Gross Profit

Gross profit decreased increase $0.5 million to $0.7 million $3.5 million in the first three six months of fiscal 2024, compared with $1.3 million $3.0 million gross profit in the comparable period of fiscal 2023. Gross profit percent of sales was 3.5% 7.3% during the first three six months of fiscal 2024 compared with 5.9% in the comparable period in and fiscal 2023. The decrease increase in gross profit compared to prior fiscal year

---

was primarily due to product mix, higher volume and reduction of idle expense and outside services $0.2 million, partially offset by higher labor costs of $0.4 million, outside services $0.3 million $1.4 million and $0.1 million $0.2 million of hiring costs costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $3.6 million $6.8 million, or 17.0% 14.3%, of net sales during the first three six months of fiscal 2024, compared with $3.3 million $7.1 million, or 15.4% 17.6%, of net sales in the comparable period of fiscal 2023. The increase decrease in selling, general and administrative expenses is primarily due to higher legal prior year nonrecurring Cyber incident costs of $0.2 million $1.0 million, partially offset by higher wages, benefits and incentive costs of $0.3 million and higher expenses related to the evaluation of strategic alternatives and higher salaries and benefits $0.1 million of $0.3 million.

Amortization of Intangibles

Amortization of intangibles was $0.1 million in the first three six months of fiscal 2024 and fiscal 2023.

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 three six months of both fiscal 2024 and 2023:

	Weighted Average Interest Rate Three Months Ended December 31,		Weighted Average Outstanding Balance Three Months Ended December 31,	
	2023	2022	2023	2022
Revolving credit agreement	7.7 %	5.9 %	$ 15.6 million	$ 11.2 million
Foreign term debt	4.3 %	3.5 %	$ 8.2 million	$ 7.3 million
Other debt	1.0 %	1.7 %	$ 0.3 million	$ 0.6 million

	Weighted Average Interest Rate Six Months Ended March 31,		Weighted Average Outstanding Balance Six Months Ended March 31,	
	2024	2023	2024	2023
Revolving credit agreement	7.9 %	6.3 %	$ 16.2 million	$ 11.8 million
Foreign term debt	5.0 %	4.2 %	$ 9.4 million	$ 7.2 million
Promissory note - related party	6.6 %	— %	$ 3.2 million	$ 0.0 million
Other debt	0.9 %	1.5 %	$ 0.3 million	$ 0.5 million

Income Taxes

The Company's effective tax rate through the first three six months of fiscal 2024 was (1.5) (2.0)%, compared with (2.6) (1.9)% for the same period of fiscal 2023. The decrease in the effective rate was primarily attributable to changes in jurisdictional mix of income in fiscal 2024 compared with the same period of fiscal 2023. 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.

Net Loss

Net loss was $3.4 million $5.0 million during the first three six months of fiscal 2024 and fiscal 2023. Net loss is due to higher sales volume and gross margin, offset by higher interest expense as the Company invests to meet increased demand.

Three Months Ended March 31, 2024 compared with Three Months Ended March 31, 2023

Net Sales

Net sales comparative information for the second quarter of fiscal 2024 and 2023 is as follows:

(Dollars in millions)	Three Months Ended March 31,		Increase/ (Decrease)
Net Sales	**2024**	**2023**	
Aerospace components for:			
Fixed wing aircraft	$ 10.1	$ 8.8	$ 1.3
Rotorcraft	4.2	3.5	0.7
Energy components for power generation units	6.5	5.1	1.4
Commercial product and other revenue	5.8	1.8	4.0
Total	$ 26.6	$ 19.2	$ 7.4

Net sales for the second quarter of fiscal 2024 increased $7.4 million to $26.6 million, compared with $19.2 million in the comparable period of fiscal 2023. Fixed wing sales increased $1.3 million compared with the same period last year primarily due to 787, 767 and other programs. Rotorcraft sales increased $0.7 million compared with the same period last year primarily due to the H60 program. The energy components for power generation units increased by $1.4 million due to growth in the steam turbine markets. Commercial products and other revenue increased $4.0 million compared with the same period last year primarily due to commercial space.

Commercial net sales were 65.5% of total net sales and military net sales were 34.5% of total net sales in the second quarter of fiscal 2024, compared with 59.0% and 41.0%, respectively, in the comparable period in fiscal 2023. Military net sales increased by $1.3 million to $9.2 million in the second quarter of fiscal 2024, compared with $7.9 million in the comparable period of fiscal 2023, primarily due to the H60 program. Commercial net sales increased $6.0 million to $17.4 million in the second quarter of fiscal 2024, compared with $11.4 million in the comparable period of fiscal 2023, primarily due to an increase in the power generation steam turbine market and commercial space.

Cost of Goods Sold

Cost of goods sold increased by $6.3 million, or 35.9%, to $23.8 million, or 89.7% of net sales, during the second quarter of fiscal 2024, compared with $17.5 million or 91.1% of net sales, in the comparable period of fiscal 2023. The increase is primarily due to higher volume, higher labor costs of $0.5 million and outside services of $0.2 million as the Company increased production to meet customer demands.

Gross Profit

Gross profit increased $1.0 million to $2.7 million in the second quarter of fiscal 2024, compared with $1.7 million gross profit in the comparable period of fiscal 2023. Gross profit percent of sales was 10.3% during the second quarter of fiscal 2024, compared with 8.9% in the comparable period in fiscal 2023. The increase in gross profit compared to prior fiscal year was primarily due to higher volume and reduction of idle expense $0.7 million.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $3.2 million, or 12.1%, of net sales during the second quarter of fiscal 2024, compared with $3.8 million, or 20.0%, of net sales in the comparable period of fiscal 2023. The decrease in selling, general and administrative expenses is primarily due to prior year nonrecurring Cyber incident costs of $1.0 million, partially offset by legal expenses and costs related to the evaluation of strategic alternatives of $0.1 million.

Amortization of Intangibles

Amortization of intangibles were negligible in the second quarter of fiscal 2024 and fiscal 2023.

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 second quarter of both fiscal 2024 and 2023:

	Weighted Average Interest Rate Three Months Ended March 31,	Weighted Average Outstanding Balance Three Months Ended March 31,

	2024	2023	2024	2023
Revolving credit agreement	8.1 %	6.7 %	$ 16.8 million	$ 12.4 million
Foreign term debt	5.8 %	4.9 %	$ 10.0 million	$ 7.1 million
Promissory note - related party	13.2 %	— %	$ 3.2 million	$ 0.0 million
Other debt	0.8 %	1.4 %	$ 0.3 million	$ 0.5 million

Income Taxes

The Company's effective tax rate through the second quarter of fiscal 2024 was (3.0)%, compared with (1.2)% for the same period of fiscal 2023. The decrease in the effective rate was primarily attributable to changes in jurisdictional mix of income in fiscal 2024 compared with the same period of fiscal 2023. 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.

Net Loss

Net loss was $1.6 million during the second quarter of fiscal 2024, compared with net loss of $2.6 million $2.4 million in the comparable period of fiscal 2023. Increase Reduction in net loss is primarily due to higher sales volume and gross margin, including reduction of Cyber incident costs and idle expense of $1.0 million and $0.7 million, respectively, partially offset by higher interest expense, labor costs and outside services and hiring costs as the Company positions itself for increased demand. production to meet customer demands.

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 and liquidity, 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; 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 income to EBITDA and Adjusted EBITDA:

Dollars in thousands						
Dollars in thousands						
Dollars in thousands	Three Months Ended	Dollars in thousands	Three Months Ended		Six Months Ended	
	December 31,		March 31,		March 31,	
	2023	2022	2024	2023	2024	2023
Net loss						
Adjustments:						
Depreciation and amortization expense						
Depreciation and amortization expense						
Depreciation and amortization expense						
Interest expense, net						
Income tax expense						
EBITDA						
Adjustments:						
Foreign currency exchange loss (gain), net (1)						
Foreign currency exchange loss (gain), net (1)						
Foreign currency exchange loss (gain), net (1)						
Other expense, net (2)						
Gain on disposal of assets (3)						
Foreign currency exchange loss, net (1)						
Foreign currency exchange loss, net (1)						
Foreign currency exchange loss, net (1)						
Other expense (income), net (2)						

Loss on disposal of assets (3)
Equity compensation (4)
Equity compensation (4)
Equity compensation (4)
LIFO impact (5)
LIFO impact (5)
LIFO impact (5)
IT incident costs, net (6)
Strategic alternative expense (7)
Strategic alternative expense (7)
Strategic alternative expense (7)
Adjusted EBITDA

(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 or grant income (prior year included $0.1 million in loss on insurance recovery, separately reclassed to IT incident costs, net line).

(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.

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

(6) Represents incremental information technology costs as it relates to the cybersecurity incident and loss on insurance recovery (prior year balance includes reclassed amount of $0.1 million from footnote two above).

23

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

B. Liquidity and Capital Resources

The main sources of liquidity for the Company have been cash flows from operations and borrowings under our Credit Agreement. The Company's liquidity could be negatively affected if the Company is unable to restructure existing debt obligations, obtain capital or enter into a strategic alternative transaction which provides sufficient funding for the refinancing of its outstanding indebtedness prior to the maturity date of its obligations under the Credit Agreements, by customers

20

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. See Note 7*, Debt*.

Cash and cash equivalents was $3.2 million $0.7 million at December 31, 2023 March 31, 2024 and $0.4 million at September 30, 2023. Short-term investments was $1.7 million at March 31, 2024 and zero at September 30, 2023. At December 31, 2023 March 31, 2024, the majority of the Company's cash and cash equivalents and short-term investments were in the possession of its non-U.S. subsidiaries. See Note 7, *Debt - Foreign subsidiary borrowings in USD.* Distributions from the Company's non-U.S. subsidiaries to the Company may be subject to adverse tax consequences.

Operating Activities

The Company's operating activities used $2.1 million $5.3 million of cash in the first three six months of fiscal 2024, primarily due to net operating loss of $3.4 million $5.0 million partially offset by non-cash adjustments for depreciation and amortization of $1.6 million $3.1 million and change in inventory valuation accounts of $0.4 million $0.7 million and LIFO effect of $0.3 million $0.4 million. The uses of cash from for working capital of $1.0 million $5.0 million was primarily due to increase increases in inventory of $4.0 million, contract asset $5.9 million and accounts receivable of $0.9 million and other assets/prepaids of $0.7 million $2.8 million, partially offset by accounts receivable reductions of $2.2 million and increase in accrued liabilities $2.4 million accounts payable $4.0 million. The increase in inventory is primarily driven by due to increase in raw material and work in process to meet heightened customer demand. The increase in accrued liabilities accounts receivable is primarily driven by due to increases in deferred revenue of $1.7 million customer shipments. The increase in accounts payable is due to increases in raw material purchases and legal and professional fess. outside processing fees related to inventory build.

The Company's operating activities for the first three six months of fiscal 2023 provided $0.3 million of cash, generated used $0.4 million primarily by decreases in accounts receivable of $1.6 million due to operating results and inventory reserves $0.8 million, partially offset by an increase in inventory $1.5 million accounts payable of $3.9 million.

Investing Activities

Cash used for investing activities was $0.5 million $3.1 million in the first three six months of fiscal 2024 primarily due to purchase of short-term investments of $1.7 million and capital expenditures of $1.3 million. Cash used for investing activities was $1.4 million in the first six months of fiscal 2023 respectively. due to capital expenditures. Capital commitments as of December 31, 2023 March 31, 2024 were $0.5 million $0.6 million. The Company anticipates that the remaining total fiscal 2024 capital expenditures will be within the range of $3.5 million $3.0 million to $4.0 million $3.5 million and will relate principally to the further enhancement of production and product offering capabilities and drive operating cost reductions.

Financing Activities

Cash provided by financing activities was $5.5 million $8.8 million in the first three six months of fiscal 2024, compared with $0.1 million $0.8 million in the first three six months of fiscal 2023.

As discussed in Note 7, *Debt,* the Company's Maniago location obtained borrowings from two separate lending sources during the first three six months of fiscal 2024. The first was a bond for approximately $2.2 million with a seven year term. The proceeds from this loan are shown within cash and cash equivalents and short-term investments on the consolidated condensed balance sheets and will be used for capital investment. A second loan for approximately $1.1 million with a term of eighteen months, will be for working capital purposes, of which only $0.8 million has been received. purposes. The Company had $1.2 million $3.1 million of net short-term debt borrowings in the first three six months of fiscal 2024 compared with nominal $0.5 million of net short-term debt repayments in the first three six months of fiscal 2023.

The Company had net repayments to borrowings from the revolver under the Credit Agreement of $0.2 million $1.2 million in the first three six months of fiscal 2024 compared with net borrowings of $0.4 million $1.8 million in the first three six months of fiscal 2023. Under the Company's Credit Agreement, the Company is subject to certain customary loan covenants regarding availability. The availability at December 31, 2023 March 31, 2024 was $5.0 million $3.7 million, which exceeds reserve minimum threshold as of December 31, 2023 March 31, 2024, as such, no covenant calculations were required.

As noted in Note 7, *Debt,* on November 8, 2023, the Company entered into the Eighth Amendment to the Credit Agreement with its Lender. The Eighth Amendment, among other things, reduced the Reserves under the Borrowing Base in the Credit Agreement to $1.5 million, or such lesser amount, if any, as may be agreed upon in writing by the Lender in its sole discretion.

As noted in Note 7, *Debt,* on December 21, 2023, the Company entered into the Ninth Amendment to the Credit Agreement and the Fourth Amendment to the Export Credit Agreement with its lender. The Ninth Amendment amends the Credit Agreement to, among other things, to: (i) reflect the incurrence by borrowers of the Subordinated Loan and the execution and delivery by borrowers, the Lender and Silk (Mr. Silk is a member of the Board of Directors of the Company and considered a related party) of the Subordinated Loan Documents, and the receipt by borrowers of $3.0 million in immediately available funds on the Ninth Amendment Effective Date; (ii) delay the maturity date from December 31, 2023 to October 4, 2024, or any earlier date on which the Revolving Commitment is reduced to zero or otherwise terminated pursuant to the terms of the Credit Agreement; (iii) reduce the Revolving Commitment to $19.0 million from $23.0 million; (iv) modify the definition of Borrowing Base to mean, at any time, the sum of (a) 85% of Eligible Accounts at such time, plus (b) the lesser of (1) 70% of Eligible Inventory,

---

valued at the lower of cost or market value, determined on a first-in-first-out basis, at such time and (2) the product of 85% multiplied by the NOLV Percentage identified in the most recent inventory appraisal ordered by the Lender multiplied by Eligible Inventory, valued at the lower of cost or market value, determined on a first-in-first-out basis, at such time, minus (c) Reserves of $1.5 million, increasing on the first day of each month by $0.3 million, commencing on May 1, 2024 and continuing until (and including) August 1, 2024, or such lesser amount, if any, as may be agreed upon in writing by the Lender in its sole discretion (which may be by email from the Lender), plus (d) the PP&E Component; (v) modify the Applicable Margin schedule to reflect the following applicable rates: 2.75% (CBFR REVSOFR30), 0.25% (CBFR Spread (CB Floating Rate)), 2.75% (SOFR Spread), and 0.50% (Commitment Fee Rate); and (vi) amend and restate subsection (l) of the Reporting Schedule to require, by the 17th day of every month, the delivery of a rolling 13 week cash flow forecast in form acceptable to Lender, which must include a projected to actual results comparison for the week then ended and on a cumulative basis from the beginning of the cash flow forecast. The Fourth Amendment of the Export Credit Agreement, to, among other things, to: (i) reflect the incurrence by borrowers of the Subordinated Loan and the execution and delivery by borrowers, the Lender and Silk of the Subordinated Loan Documents, and the receipt by borrowers of $3.0 million in immediately available funds on the Ninth Amendment Effective Date; and (ii) delay the maturity date to October 4, 2024, or any earlier date on which the Revolving Commitment is reduced to zero or otherwise terminated pursuant to the terms thereof.

Future cash flows from the Company's operations may be used to pay down amounts outstanding under the Credit Agreement and its foreign related debts. 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 the Credit Agreement for its domestic locations. In fiscal year 2024, the Company was able to obtain new financing at its Maniago location to provide Maniago with sufficient liquidity.

Additionally, the credit and capital markets saw significant volatility during the course of the pandemic. 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 Credit Agreement. 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

For recent accounting standards adopted and not yet adopted refer to Note 1, *Summary of Significant Accounting Policies - Recent Accounting Standards Adopted* and *Recent Accounting Standards Not Yet Adopted* 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 Annual Report on Form 10-K for the year ended September 30, 2023.

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 December 31, 2023 March 31, 2024 (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were not effective, as a result of the continuing existence of the material weakness in the Company's internal controls over financial reporting described in Item 9A of the Company's Annual Report. effective.

25

The Company is in the process of designing and implementing improved controls to remediate the material weakness that continued to exist as of December 31, 2023.

Remediation Plan for Material Weakness Changes in Internal Control over Financial Reporting

Management As of March 31, 2024, management has designed and implemented additional controls to remediate the Company's Board of Directors are committed to improving previously reported material weaknesses in Item 9A on Form 10-K for the Company's overall system of internal controls over financial reporting.

22

In response to fiscal year ended September 30, 2023 and in Item 4 on Form 10-Q for the material weakness identified in our control environment, the Company has made progress in executing our remediation action plan, including the following: first quarter ended December 31, 2023.

- Implemented On December 30, 2022, the Company experienced a cybersecurity incident that led to a disruption of its domestic operations. As a result of the Cyber incident and its residual effects, the Company identified deficiencies in its oversight and backup and recovery controls that represent a material weakness in internal control over financial reporting.

Management, with the oversight of the Audit Committee, took the following steps as part of our remediation efforts:

- Designed and implemented additional control activities enhancements to enhance backup and recovery controls, and increased oversight of information technology systems, with emphasis on endpoint protection and detection as well as monitoring backups.

- Further engaged Engaged with outside specialist resources to assist with our ongoing assessment of existing policies and procedures. procedures, and documented formal disaster recovery plans, including steps around increased procedural restoration, tailored to each business location.

The actions we are taking are subject• Changed data storage vendor to ongoing senior management review as well as oversight by the Audit Committee of the Board of Directors. Although we plan to complete this remediation as quickly as possible, we cannot, at this time, estimate how long it will take. shorten disaster recovery time.

Changes Given the remediation efforts noted above, testing of applicable controls completed during the second quarter and the determination that controls are designed and operating effectively, management has concluded that the material weakness in Internal Control over Financial Reporting Item 9A on Form 10-K for the fiscal year ended September 30, 2023 has been remediated as of March 31, 2024.

Except for the remediation items described in Item 4, related to prior quarter findings, there have been 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 6. (a) Exhibits

The following exhibits are filed with this report or are incorporated herein by reference to a prior filing in accordance with Rule 12b-32 under the Securities and Exchange Act of 1934 (Asterisk denotes exhibits filed with this report.).

Exhibit No.	Description
2.1	Stock Purchase Agreement between Riello Investimenti Partners SGR S.p.A., Giorgio Visentini, Giorgio Frassini, Giancarlo Sclabi and Matteo Talmassons and SIFCO Italy Holdings S.R.L (a wholly-owned subsidiary of SIFCO Industries Inc.) dated March 16, 2015 filed as Exhibit 2.1 to the Company's Form 8-K dated July 2, 2015, and incorporated herein by reference
2.2	Amendment to the Stock Purchase Agreement Riello Investimenti Partners SGR S.p.A., Giorgio Visentini, Giorgio Frassini, Giancarlo Sclabi and Matteo Talmassons and SIFCO Italy Holdings S.R.L (a wholly-owned subsidiary of SIFCO Industries Inc.) dated June 30, 2015 filed as Exhibit 2.2 to the Company's Form 8-K dated July 2, 2015, and incorporated herein by reference
3.1	Third Amended Articles of Incorporation of SIFCO Industries, Inc., filed as Exhibit 3(a) of the Company's Form 10-Q dated March 31, 2002, and incorporated herein by reference
3.2	SIFCO Industries, Inc. Amended and Restated Code of Regulations dated January 28, 2016, filed as Exhibit 3.2 of the Company's Form 10-K dated September 30, 2015, and incorporated herein by reference
9.1	Voting Trust Agreement dated January 31, 2013, filed as Exhibit 9.1 to the Company's Form 10-Q dated February 11, 2013 and incorporated herein by reference
9.2	Voting Trust Extension Agreement dated January 15, 2015, filed as Exhibit 9.2 to the Company's Form 10-Q dated February 3, 2015 and incorporated herein by reference

9.3	Voting Trust Agreement dated January 31, 2017, filed as Exhibit 9.3 to the Company's Form 10-Q dated December 31, 2016 and incorporated herein by reference
9.4	Voting Trust Extension Agreement dated January 18, 2019, filed as Exhibit 9.4 to the Company's Form 10-Q dated February 14, 2019, and incorporated herein by reference
9.5	Voting Trust Extension Agreement dated January 27, 2021, filed as Exhibit 9.5 to the Company's Form 10-Q dated February 5, 2021, and incorporated herein by reference
10.1	SIFCO Industries, Inc. 2007 Long-Term Incentive Plan, filed as Exhibit A of the Company's Proxy and Notice of 2008 Annual Meeting to Shareholders dated December 14, 2007, and incorporated herein by reference
10.2	Letter Agreement between the Company and Jeffrey P. Gotschall, dated August 12, 2009 filed as Exhibit 10.1 of the Company's Form 8-K dated August 12, 2009 and incorporated herein by reference

10.3	Amendment No. 1 to the SIFCO Industries, Inc. 2007 Long-Term Incentive Plan, filed as Exhibit A of the Company's Proxy

10.3 Amendment No. 1 to the SIFCO Industries, Inc. 2007 Long-Term Incentive Plan, filed as Exhibit A of the Company's Proxy and Notice of 2011 Annual Meeting to Shareholders dated December 15, 2010, and incorporated herein by reference

10.4 Change in control Agreement and Separation Agreement between the Company and Peter W. Knapper, effective June 29, 2022, filed as Exhibit 10.1 to the Company's Form 8-K dated June 29, 2022 and incorporated herein by reference.

10.5 Form of SIFCO Industries, Inc. Long-term incentive plan performance share award, filed as Exhibit 10.6 to the Company's Form 10-Q dated May 16, 2016, and incorporated herein by reference

10.6 Form of SIFCO Industries, Inc. Long-term incentive plan restricted share award, filed as Exhibit 10.7 to the Company's Form 10-Q dated May 16, 2016, and incorporated herein by reference

10.7 Credit Agreement, dated August 8, 2018, by and among SIFCO Industries, Inc. and Lender named therein and J.P. Morgan Chase Bank, N.A., filed as Exhibit 10.12 to the Company's Form 10-Q dated August 9, 2018, and incorporated herein by reference

10.8 Amendment and Restatement to the SIFCO Industries, Inc. 2007 Long-Term Incentive Plan, filed as Exhibit A of the Company's Proxy and Notice of 2017 Annual Meeting to Shareholders dated December 6, 2016, and incorporated herein by reference

10.9 Form of SIFCO Industries, Inc. Long-term incentive plan performance share award, filed as Exhibit 10.14 to the Company's Form 10-Q dated January 31, 2017, and incorporated herein by reference

10.10 Form of SIFCO Industries, Inc. Long-term incentive plan restricted share award, filed as Exhibit 10.15 to the Company's Form 10-Q dated January 31, 2017, and incorporated herein by reference

10.11 Form of SIFCO Industries, Inc. Long-term incentive plan restricted share award, filed as Exhibit 10.16 to the Company's Form 10-Q dated January 31, 2017, and incorporated herein by reference

10.12 Change in Control Agreement and Separation Agreement between the Company and Thomas R. Kubera, effective June 29, 2019, filed as Exhibit 10.2 to the Company's Form 8-K dated July 1, 2019 and incorporated herein by reference

10.13 First Amendment to Credit Agreement, dated November 5, 2018, by and among SIFCO Industries, Inc., T&W Forge, LLC., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.1 to the Company's Form 8-K dated November 8, 2018, and incorporated herein by reference

10.14 Economic Development Administration Title IX Loan Agreement, dated November 8, 2018, by and between the City of Cleveland and SIFCO Industries, Inc., filed as exhibit 10.2 to the Company's Form 8-K dated November 8, 2018, and incorporated herein by reference

10.15 Second Amendment to Credit Agreement, dated December 17, 2018, by and among SIFCO Industries, Inc., T&W Forge, LLC., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.2 to the Company's Form 8-K dated December 19, 2018, and incorporated herein by reference

10.16 Export Credit Agreement, dated December 17, 2018, by and among SIFCO Industries, Inc., T & W Forge, LLC, Quality Aluminum Forge, LLC, and JPMorgan Chase Bank, N.A., a national banking association filed as Exhibit 10.1 to the Company's Form 8-K dated December 19, 2018 and incorporated herein by reference

10.17 Third Amendment to Credit Agreement, dated March 29, 2019, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.19 to the Company's Form 10-Q dated May 10, 2019

10.18 Fourth Amendment to Credit Agreement, dated September 20, 2019, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.1 to the Company's Form 8-K dated September 24, 2019, and incorporated herein by reference.

10.19 First Amendment to the SIFCO Industries, Inc. 2007 Long-Term Incentive Plan (Amended and Restated as of November 16, 2016) filed as Exhibit A of the Company's Definitive Proxy Statement dated December 16, 2019, and incorporated herein by reference.

10.20 Promissory Note, dated April 10, 2020, by and between SIFCO Industries, Inc. and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.1 to the Company's Form 8-K dated April 13, 2020, and incorporated herein by reference.

10.21 Form of SIFCO Industries, Inc. Long-term incentive plan restricted share award, filed as Exhibit 10.21 to the Company's Form 10-K dated December 23, 2020, and incorporated herein by reference

10.22 Fifth Amendment to Credit Agreement, dated February 19, 2021, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.1 to the Company's Form 8-K dated February 22, 2021, and incorporated herein by reference.

10.23 First Amendment to Export Credit Agreement, dated February 19, 2021, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC, and JPMorgan Chase Bank, N.A., a national banking association filed as Exhibit 10.2 to the Company's Form 8-K dated February 22, 2021, and incorporated herein by reference

10.24	Sixth Amendment to the Credit Agreement, dated March 23, 2022, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC, and JPMorgan Chase Bank, N.A., a national banking association filed as Exhibit 10.1 to the Company's Form 8-K dated March 24, 2022, and incorporated herein by reference
10.25	Second Amendment to the Export Credit Agreement, dated March 23, 2022, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC, and JPMorgan Chase Bank, N.A., a national banking association filed as Exhibit 10.2 to the Company's Form 8-K dated March 24, 2022, and incorporated herein by reference
10.26	Forbearance Agreement, dated April 28, 2023, by and among JPMorgan Chase Bank, N.A., SIFCO Industries, Inc., T&W Forge LLC, and Quality Aluminum Forge, LLC.
10.27	Seventh Amendment to Credit Agreement, dated August 9, 2023, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.1 to the Company's Form 8-K dated August 10, 2023, and incorporated herein by reference.
10.28	Third Amendment to Export Credit Agreement, dated August 9, 2023, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.2 to the Company's Form 8-K dated August 10, 2023, and incorporated herein by reference.
10.29	Eighth Amendment to Credit Agreement, dated November 8, 2023, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.1 to the Company's Form 8-K dated November 13, 2023, and incorporated herein by reference.
10.30	Ninth Amendment to Credit Agreement, dated December 21, 2023, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.1 to the Company's Form 8-K dated December 28, 2023, and incorporated herein by reference.
10.31	Fourth Amendment to Export Credit Agreement, dated December 21, 2023, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.2 to the Company's Form 8-K dated December 28, 2023, and incorporated herein by reference.
10.32	Subordinated Promissory Note - Garnet Holdings (M. Silk), dated December 21, 2023, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.2 to the Company's Form 8-K dated December 28, 2023, and incorporated herein by reference.
10.33	Silk Subordination and Intercreditor Agreement, dated December 21, 2023, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.2 to the Company's Form 8-K dated December 28, 2023, and incorporated herein by reference.
10.34	Side Letter - MS Guaranty, dated December 21, 2023, by and among SIFCO Industries, Inc., Quality Aluminum Forge, LLC., and JPMorgan Chase Bank, N.A., a national banking association, filed as exhibit 10.2 to the Company's Form 8-K dated December 28, 2023, and incorporated herein by reference.
14.1	Code of Ethics, filed as Exhibit 14.1 of the Company's Form 8-K dated February 6, 2018, 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

*97.1	[Policy for the Recovery of Erroneously Awarded Compensation]()	
*101		The following financial information from SIFCO Industries, Inc. Quarterly Report on Form 10-Q for the quarter ended December 31, 2023 March 31, 2024 filed with the SEC on February 14, 2024 May 9, 2024, formatted in XBRL includes: (i) Consolidated Condensed Statements of Operations for the fiscal periods ended December 31, 2023 March 31, 2024 and 2022, 2023, (ii) Consolidated Condensed Statements of Comprehensive Income for the fiscal periods ended December 31, 2023 March 31, 2024 and 2022, 2023, (iii) Consolidated Condensed Balance Sheets at December 31, 2023 March 31, 2024 and September 30, 2023, (iv) Consolidated Condensed Statements of Cash Flow for the fiscal periods ended December 31, 2023 March 31, 2024 and 2022, 2023, (iv) Consolidated Condensed Statements of Shareholders' Equity for the periods December 31, 2023 March 31, 2024 and 2022, 2023, 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

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)

Date: February 14, 2024 May 9, 2024

/s/ Peter W. Knapper
Peter W. Knapper
President and Chief Executive Officer
(Principal Executive Officer)

Date: February 14, 2024 May 9, 2024

/s/ Thomas R. Kubera
Thomas R. Kubera
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

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

I, Peter W. Knapper, 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.

Date: February 14, 2024 May 9, 2024

/s/ Peter W. Knapper

Peter W. Knapper

President and Chief Executive Officer

Exhibit 31.2

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

I, Thomas R. Kubera, 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.

Date: February 14, 2024 May 9, 2024

/s/ Thomas R. Kubera

Thomas R. Kubera
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 December 31, 2023 March 31, 2024 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.

Date: February 14, 2024 May 9, 2024

/s/ Peter W. Knapper

Peter W. Knapper
President and 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 December 31, 2023 March 31, 2024 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.

Date: February 14, 2024 May 9, 2024	/s/ Thomas R. Kubera
	Thomas R. Kubera
	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.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

REFINITIV