

## Risk Factors Comparison 2024-12-26 to 2024-01-02 Form: 10-K

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Set forth below are material risks and uncertainties that could negatively affect our business and financial condition and could cause our actual results to differ materially from those expressed in forward- looking statements contained in this report. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations and financial condition.

**Risks Related to Our Business and Operations** We are subject to the cyclical nature of the A & E industries and the continuing or further downturn in these industries could adversely impact the demand for our products. The commercial aerospace industry is historically driven by the demand from commercial airlines for new aircraft. Demand for commercial aircraft is influenced by airline industry profitability, trends in airline passenger traffic, the state of U. S. and world economies, the ability of aircraft purchasers to obtain required financing and numerous other factors including the effects of terrorism, health and safety concerns and environmental constraints imposed upon aircraft operators. ~~Residual negative impacts of the COVID-19 pandemic on the commercial aerospace industry may continue for a prolonged period of time.~~ We continue to experience changes in demand from our customers in this market and a reduction in demand for commercial aircraft will adversely impact our net sales and operating results. There is risk that the industry reintroduces mitigation strategies in response to ~~residual impacts from COVID-19~~ **fluctuating demand for commercial air travel**, which could include reduced capacity and shifting route patterns. ~~We continue to~~ **We continue to** ~~Furthermore, airlines may experience reduced demand due to reluctance by the flying public to travel due to travel restrictions and / or social distancing requirements. The residual impacts from the COVID-19 pandemic also has increased~~ uncertainty with respect to global trade volumes, which could put negative pressure on cargo traffic levels. Any of these factors would have a significant impact on the demand within the commercial aerospace industry. In addition, a lengthy period of reduced industry- wide demand for commercial aircraft could put additional pressure on our suppliers, resulting in increased procurement costs and / or additional supply chain disruption. To the extent that the ~~COVID-19 pandemic or its aftermath~~ **market conditions within the commercial airline industry** further impacts demand for our products and services or impairs the viability of some of our customers and / or suppliers, our financial condition, results of operations, and cash flows could be adversely affected, and those impacts could be material. The military aerospace cycle is highly dependent on U. S. and foreign government funding; as well as the effects of terrorism, a changing global political environment, U. S. foreign policy, the retirement of older aircraft and technological improvements to new engines. Accordingly, the timing, duration and severity of cyclical upturns and downturns **within the military aerospace market** cannot be forecast with certainty. Downturns or reductions in demand ~~could have a material adverse effect on our business.~~ ~~The energy industry is also cyclical in nature. Demand for our new and spare components in this industry is, in turn, driven by the global demand for energy, which is affected by, among other factors, the state of the world economies, the political environments of numerous countries and environmental constraints. The availability of alternative energy to oil and gas, and related prices, also have a large impact on demand. Reductions in demand for products in this market could have a material adverse effect on our business. Cyclical declines or sustained weakness in these markets~~ could have a material adverse effect on our business. Government spending priorities and terms may change in a manner adverse to our business. At times, our supplying of products to the U. S. military has been adversely affected by significant changes in U. S. defense and national security budgets. Budget changes that result in a decline in overall spending, program delays, program cancellations or a slowing of new program starts on programs in which we participate could materially adversely affect our business, prospects, financial condition or results of operations. Future levels of expenditures and authorizations for defense- related programs by the U. S. government may decrease, remain constant or shift to programs in areas where we do not currently provide products, thereby reducing the chances that we will be awarded new contracts. SIFCO has contracts for programs where the period of performance may exceed one year. Congress and certain foreign governments must usually approve funds for a given program each fiscal year and may significantly reduce funding of a program in a particular year. Significant reductions in these appropriations or the amount of new defense contracts awarded may affect our ability to complete contracts, obtain new work and grow our business. At times when there are perceived threats to national security, U. S. defense spending can increase; at other times, defense spending can decrease. Future levels of defense spending are uncertain and subject to congressional debate. Any reduction in future U. S. defense spending levels could adversely impact our sales, operating profit and cash flow. Furthermore, business conducted pursuant to U. S. government contracts is subject to extensive procurement regulations and other unique risks. New procurement regulations, or changes to existing requirements, could increase compliance costs or otherwise have a material impact on the operating margins of the portion of our business derived from contracts with the U. S. government. The U. S. government contracting party may modify, curtail, or terminate its contracts and subcontracts with the ~~company~~ **Company** without prior notice either at its convenience or for default based on performance, and funding pursuant to our U. S. government contracts may be reduced or withheld as a part of the appropriations process due to fiscal constraints or due to changes in foreign or domestic policy strategy. Failure to retain existing contracts or win new contracts under competitive bidding processes may adversely affect our sales. SIFCO obtains most of its contracts through a competitive bidding process, and ~~substantially all a~~ **material portion** of the business that we expect to seek in the foreseeable future likely will be subject to a competitive bidding process. Competitive bidding ~~processes presents~~ **present** a number of risks, including: a. the need to compete against companies or ~~teams~~ **groups** of companies with more financial and marketing resources and more experience in bidding on and performing major contracts than we have; b. the need to compete against companies or ~~teams~~ **groups** of companies that may be long- term, entrenched incumbents for a particular contract for which we are ~~competing~~ **bidding** and ~~/ or~~ that have, as a result,

greater domain expertise and better customer relations; c. the need to compete to retain existing contracts that have in the past been awarded to us **SIFCO** on a sole-source basis or that have been incumbent **to SIFCO** for a **long-prolonged period of** time; d. the award of contracts to providers offering solutions at the “lowest price technically acceptable,” which may lower the profit we may generate under a contract awarded using this pricing method or prevent us from submitting a bid for such **work contracts** due to us deeming such work to be unprofitable; e. the reduction of margins achievable under any contracts awarded to us; f. the need to bid on some programs in advance of the completion of their specifications, which may result in unforeseen technological difficulties or increased costs that lower our profitability; g. the substantial cost and managerial time and effort, including design, development and marketing activities, necessary to prepare bids and proposals for contracts that may not be awarded to us; h. the need to develop, introduce and implement new and enhanced solutions to our customers’ needs; i. the need to locate and contract with teaming partners and subcontractors; j. the need to accurately estimate the resources and cost structure that will be required to perform any contract that we are awarded; and k. **long-term agreements**—changes in our cost profile **that may occur** over the life of a long-term agreement. If SIFCO wins a contract, and upon expiration, the customer requires further services of the type provided by the contract, there is frequently a competitive rebidding process. There can be no assurance that we will win any particular bid **or rebid**, that we will win the contract at the same **or at a similar** profit margin, or that we will be able to replace business lost upon expiration or completion of a contract. If SIFCO is unable to consistently retain existing contracts or win new contract awards, our business, prospects, financial condition and results of operations may be adversely affected. The Company may not receive the full amounts estimated under the contracts in our total backlog, which could reduce our sales in future periods below the levels anticipated, and which makes backlog an uncertain indicator of future operating results. As of September 30, **2023-2024**, our total backlog was \$ **120-114.14** million. Orders may be canceled and scope adjustments may occur, and we may not realize the full amounts of sales that we anticipate in our backlog numbers. Further, there is no assurance that our customers will purchase all the orders represented in our backlog, due in part to the U. S. government’s ability to modify, curtail or terminate major programs. Additionally, the timing of receipt of orders, if any, on contracts included in our backlog could change. The failure to realize amounts reflected in our backlog could materially adversely affect our business, financial condition and results of operations in future periods. SIFCO business is dependent on a few number of direct and indirect customers. A substantial portion of SIFCO’s business is conducted with a relatively small number of large direct and indirect customers. In fiscal **2023-2024**, one direct customer accounted for approximately **12-15%** percent of our consolidated net sales and three direct customers and their direct subcontractors accounted for approximately **32-41%** of the Company’s consolidated net sales. A financial hardship experienced by any one of these key customers, the loss of any of them or a reduction in or substantial delay of orders from any of them could have a material adverse effect on our business. The Company’s failure to identify, attract and retain qualified personnel could adversely affect our existing business, financial condition and results of operations. SIFCO may not be able to identify, attract or retain qualified technical personnel, sales and customer service personnel, employees with expertise in forging, or management personnel to supervise such activities. We may also not attract and retain employees who share the Company’s core values, who can maintain and grow our existing business, and who are suited to work in a public company environment, which could adversely affect our financial condition and results of operations. The Company’s business could be negatively affected by cybersecurity threats, information systems interruptions, intrusions or new software implementations and other disruptions. SIFCO faces **cyber cybersecurity** threats, as well as the potential for business disruptions associated with information technology failures and interruptions, new software implementation, and damaging weather or other acts of nature, and pandemics or other public health crises, which may adversely affect our business. Although we continue to **regularly** review and enhance our **protection** systems and cybersecurity controls, SIFCO has experienced and expects to continue to experience cybersecurity threats, including threats to our information technology infrastructure and attempts to gain access to the Company’s sensitive information, as do our customers, suppliers and subcontractors. Although we maintain information security policies and procedures to prevent, detect, and mitigate these threats, information system disruptions, equipment failures or cybersecurity attacks, such as unauthorized access, malicious software and other intrusions, could still occur and may lead to potential data corruption, exposure of **or unauthorized access to** proprietary and confidential information. Further, while SIFCO works cooperatively with its customers, suppliers and subcontractors to seek to minimize the impacts of cyber threats, other security threats or business disruptions, in addition to our internal processes, procedures and systems, it must also rely on the safeguards put in place by those entities. Any intrusion, disruption, breach or similar event may cause operational stoppages, fines, penalties, diminished competitive advantages through reputational damages and increased operational costs. The costs related to cyber or other security threats or disruptions may not be fully mitigated by insurance or other means. We continue to provide for remote work for certain of our employees, which may increase our vulnerability to cyber and other information technology risks. In addition to existing risks, any adoption or deployment of new technologies via acquisitions or internal initiatives may increase our exposure to risks, breaches, or failures, which could materially adversely affect our results of operations or financial condition. Furthermore, the Company may have access to sensitive, confidential, or personal data or information that may be subject to privacy and security laws, regulations, or other contractually-imposed controls. Despite our use of reasonable and appropriate controls, material security breaches, theft, misplaced, lost or corrupted data, programming, or employee errors and / or malfeasance **or factors outside of our control** could lead to the compromise or improper use of such sensitive, confidential, or personal data or information, resulting in possible negative consequences, such as fines, ransom demands, penalties, loss of reputation, competitiveness or customers, or other negative consequences resulting in adverse impacts to our results of operations or financial condition. SIFCO relies on our suppliers to meet the quality and delivery expectations of our customers. **The-Our** ability to deliver **SIFCO’s** products on schedule is dependent upon a variety of factors **, certain of which are outside of our control**, including execution of internal performance plans, availability of raw materials, internal and supplier produced parts and structures, conversion of raw materials into parts and assemblies, and performance of suppliers and others. We rely on

numerous third- party suppliers for raw materials and a large proportion of the components used in our production process. Certain of these raw materials and components are available only from single sources or a limited number of suppliers, or similarly, customers' specifications may require SIFCO to obtain raw materials and / or components from a single source or certain suppliers. Many of our suppliers are small companies with limited financial resources and manufacturing capabilities. We do not currently have the ability to manufacture these components ourselves. Consequently, ~~we risk disruptions in~~ our supply of key products and components **could be disrupted** if our suppliers fail or are unable to perform because of shortages in raw materials, operational problems, strikes, natural disasters, health crises or other factors. We have **experienced** and **, in the future,** may continue to experience delays in the delivery of such products as a result of increased demands and pressures on the supply chain, customs, labor issues, geopolitical pressures, disruptions associated with changes in political, economic, and social conditions, weather, laws and regulations. Unfavorable fluctuations in ~~price-~~**prices for raw materials**, international trade policies, quality, delivery, and availability of these products could continue to adversely affect the Company's ability to meet demands of customers and cause negative impacts to the Company's cost structure, profitability and its cash flow. If we were unsuccessful in obtaining those products from other sources or at comparable cost, a disruption in our supply chain could adversely affect our sales, earnings, financial condition, and liquidity. We may have disputes with our vendors arising from, among other things, the quality of products and services or customer concerns about the vendor. If any of our vendors fail to timely meet their contractual obligations or have regulatory compliance or other problems, our ability to fulfill our obligations **under contracts with our customers** may be jeopardized. Economic downturns can adversely affect a vendor's ability to manufacture or deliver products. Further, vendors may also be enjoined from manufacturing and distributing products to us as a result of litigation filed by third parties, including intellectual property litigation. If SIFCO were to experience difficulty in obtaining certain products **from our key vendors**, there could be an adverse effect on its results of operations and on its customer relationships and our reputation. Additionally, our key vendors could also increase pricing of their products, which could negatively affect our ability to win contracts by offering competitive prices. Any material supply disruptions could adversely affect our ability to perform our obligations under our contracts and could result in cancellation of contracts or purchase orders, penalties, delays in realizing revenues, and payment delays, as well as adversely affect our ongoing product cost structure. Failure to perform by our subcontractors could materially and adversely affect our contract performance and its ability to obtain future business. The performance of contracts often involves subcontractors, upon which we rely to complete delivery of products to our customers. SIFCO may have disputes with subcontractors ~~-A,~~ **and the** failure by a subcontractor to satisfactorily deliver products can adversely affect our ability to perform our obligations as a prime contractor. Any subcontractor performance deficiencies could result in the customer terminating our contract for default, which could expose ~~us~~ **SIFCO** to liability for excess costs of re- procurement by the customer and have a material adverse effect on our ability to compete for other contracts **and on our results of operations generally**. The Company's future success depends on the ability to meet the needs of its customer requirements in a timely manner. The Company believes that the commercial A & E markets in which we operate require sophisticated manufacturing and system- integration techniques and capabilities using composite and metallic materials. The Company's success depends to a significant extent on our ability to acquire, develop, execute and maintain such sophisticated techniques and capabilities to meet the needs of our customers, and to bring those products to market quickly and at cost- effective prices. If we are unable to acquire and / or develop, execute and maintain such techniques and capabilities, we may experience an adverse effect to our business, financial condition or results of operation. The Company faces certain significant risk exposures and potential liabilities that may not be covered adequately by insurance or indemnity. We are exposed to liabilities that are unique to the products we provide. While we maintain insurance for certain risks, the amount of insurance or indemnity may not be adequate to cover all claims or liabilities, and we may be forced to bear substantial costs from an accident or incident. It ~~also-~~ is not possible for SIFCO to obtain insurance to protect against all operational risks and liabilities. Substantial claims resulting from an incident in excess of the indemnification we receive and our insurance coverage would harm our financial condition, results of operations and cash flows. Moreover, any accident or incident for which we are liable, even if fully insured, could negatively affect our standing with our customers and the public, thereby making it more difficult for us to compete effectively, and could significantly impact the cost and availability of adequate insurance in the future ~~-The Company's business is subject to risks associated with international operations. SIFCO has operations in Maniago, Italy and operates internationally. A number of risks inherent in international operations could have a material adverse effect on our results of operations, including: a. fluctuations in U. S. dollar value arising from transactions denominated in foreign currencies and the translation of certain foreign currency subsidiary balances; b. difficulties in staffing and managing multi- national operations; c. general economic and political uncertainties and potential for social unrest in countries in which we or our customers operate; d. other deterioration of economic conditions, including the effect of inflation on our customers and suppliers; e. limitations on our ability to enforce legal rights and remedies; f. restrictions on the repatriation of funds; g. changes in trade policies, laws, regulations, political leadership and environment, and / or security risks; h. tariff regulations; i. difficulties in obtaining export and import licenses and compliance with export / import controls and regulations; j. the risk of government financed competition; k. compliance with a variety of international laws as well as U. S. regulations, rules and practices affecting the activities of companies abroad; and l. difficulties in managing and staffing international operations and the required infrastructure costs, including legal, tax, accounting, and information technology.~~ We operate in a highly competitive and price sensitive industry, and customer pricing pressures could reduce the demand and / or price for our products and services. The end- user markets SIFCO serves are highly competitive and price sensitive. We compete globally with a number of domestic and international companies that have substantially greater manufacturing, purchasing, marketing and financial resources than we do. Many of SIFCO's customers have the in- house capability to fulfill their manufacturing requirements. SIFCO's larger competitors may be able to vie more effectively for very large- scale contracts than we can by providing different or greater capabilities or benefits such as technical qualifications, past performance on large-

scale contracts, geographic presence, price and availability of key professional personnel. If SIFCO is unable to successfully compete for new business, our net sales growth and operating margins may decline. Competitive pricing pressures may have an adverse effect on our financial condition and operating results. Further, there can be no assurance that competition from existing or potential competitors will not have a material adverse effect on our financial results. If SIFCO does not continue to compete effectively and win contracts, our future business, financial condition, results of operations and our ability to meet its financial obligations may be materially compromised. The Company uses estimates when pricing contracts and any changes in such estimates could have an adverse effect on our profitability and our overall financial performance. When agreeing to contractual terms, some of which extend for multiple years, SIFCO makes assumptions and projections about future conditions and events. These projections assess the productivity and availability of labor, complexity of the work to be performed, cost and availability of materials, impact of delayed performance and timing of product deliveries. Contract pricing requires judgment relative to assessing risks, estimating contract revenues and costs, and making assumptions for schedule and technical issues. Due to the size and nature of many of our contracts, the estimation of total revenues and costs at completion is complicated and subject to many variables. For example, assumptions are made regarding the length of time to complete a contract since costs also include expected increases in wages, prices for materials and allocated fixed costs. Similarly, assumptions are made regarding the future impact of our efficiency initiatives and cost reduction efforts. Incentives, awards or penalties related to performance on contracts are considered in estimating revenue and profit rates and are recorded when there is sufficient information to assess anticipated performance. Suppliers' assertions are also assessed and considered in estimating costs and profit rates. Because of the significance of the judgment and estimation processes described above, it is possible that materially different amounts could be obtained if different assumptions were used or if the underlying circumstances were to change. Changes in underlying assumptions, circumstances or estimates may have a material adverse effect upon the profitability of one or more of the affected contracts, future period financial reporting and performance, as pass through pricing is not always permissible. Our technologies could become obsolete, reducing our revenues and profitability. Technologies related to our products have undergone, and in the future may undergo, significant changes and the future of our business will depend in large part upon the continuing relevance of our forging capabilities. SIFCO could encounter competition from new or revised technologies that render its technologies and equipment less profitable or obsolete in our chosen markets and our operating results may suffer. If the Company fails to maintain an effective system of internal control over financial reporting, it may not be able to accurately or timely report its financial results. As a result, current and potential shareholders could lose confidence in the Company's financial reporting, which would harm the business and the trading price of its common stock. The Sarbanes- Oxley Act, among other things, requires that we maintain effective internal controls for financial reporting and disclosure controls and procedures. In particular, we must perform system and process evaluations and testing of our internal controls over financial reporting to allow management to report on the effectiveness of our internal controls over financial reporting, as required by Section 404 of the Sarbanes- Oxley Act. Compliance with Section 404 may require that we incur substantial accounting expenses and expend significant management efforts. Our testing **in the past** has **revealed**, as described below, and in the future may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. In the event we identify significant deficiencies or material weaknesses in our internal controls that we cannot remediate in a timely manner, the market price of our stock could decline if investors and others lose confidence in the reliability of our financial statements and we could be subject to sanctions or investigations by the SEC or other applicable regulatory authorities. As further described in Item 9A in our Annual Report on Form 10- K, for the fiscal year ended September 30, 2023, management determined that SIFCO' s internal control over financial reporting and its disclosure controls and procedures were not effective. Management identified deficiencies in its oversight and backup and recovery controls that represent a material weakness in internal control over financial reporting. **This material weakness was remediated during the first half of fiscal 2024.** Until **it was fully** remediated, this material weakness could **have result resulted** in a material misstatement to the annual or interim consolidated financial statements that would not **be have been** prevented or detected on a timely basis. ~~As with any internal control deficiency, there can be no assurance that our remedial measures will be successful or otherwise sufficient to address the material weakness.~~ If the Company is ~~unable to remediate the material weakness, or is otherwise~~ unable to maintain effective internal control over financial reporting or disclosure controls and procedures ~~;~~ or if additional material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future, the Company' s ability to record, process and report financial information accurately, and to prepare financial statements within required time periods, could be adversely affected, which could subject the Company to litigation or investigations requiring management resources and payment of legal and other expenses, including civil penalties, negatively affect investor confidence in our financial statements and adversely impact our stock price. Labor disruptions by our employees or personnel turnover and / or shortage could adversely affect our business. As of September 30, **2023-2024**, we employed approximately **378-244** people **(excluding Maniago due its sale in October 2024)**. We face competition for management and employees from other companies and organizations. If we continue to experience turnover and / or are unable to quickly hire employees and subsequently retain our workforce, or we experience a significant or prolonged work stoppage in such an environment, we may experience increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees, and our ability to secure new work and our results of operations and financial condition could be adversely affected. Additionally, ~~we two of our locations are parties party to a collective bargaining agreements-~~ **agreement with certain employees at our Cleveland, Ohio facility**. Although we have not experienced any material labor- related work stoppage and consider our relations with our employees to be good, labor stoppages may occur in the future. If the unionized workers were to engage in a strike or other work stoppage, or if SIFCO is unable to negotiate acceptable collective bargaining agreements with the unions, or if other employees were to become unionized, we could experience a significant disruption of our operations, higher ongoing labor costs and possible loss of customer contracts, which could have an adverse effect on our business and

results of operations. The price and availability of oil and other energy sources worldwide could adversely impact our results of operations. Unexpected pricing of fuel or a shortage of, or disruption in, the supply of fuel or other energy sources could have a material adverse effect on our and our customers' business, results of operations and financial condition. Our results of operations can be directly affected, positively and negatively, by volatility in the cost and availability of energy, which is subject to global supply and demand and other factors beyond our control. The ongoing conflict between Russia and Ukraine ~~has impacted~~ **continues to impact** global energy markets, particularly in Europe, leading to high volatility and increasing prices for crude oil, natural gas and other energy supplies. Our customers' businesses are significantly impacted by the availability and pricing of fuel. Weather-related events, natural disasters, terrorism, wars, political disruption or instability involving oil-producing countries, changes in governmental or cartel policy concerning crude oil or aircraft fuel production, labor strikes, cyberattacks or other events affecting refinery production, transportation, taxes, marketing, environmental concerns, market manipulation, price speculation and other unpredictable events may drive actual or perceived fuel supply shortages. In particular, the ~~recent~~ **ongoing** conflict between Russia and Ukraine has caused shortages in the availability of fuel. In the event that the supply of natural gas from Russia stops or is significantly reduced, there may be supply disruptions, increased prices, shutdowns of manufacturing facilities, or further rationing of energy supply within countries where we and / or our customers do business, which could have a material adverse impact on our and our customers' business or results of operations in those countries.

**Risks Related to Financial Matters** A decline in operating results or access to financing may have an adverse impact on our liquidity position. Our ability to make required payments of principal and interest on our debt will depend in part on our future performance, which, to a certain extent, is subject to general economic, financial, competitive, political and other factors, some of which are beyond our control. Accordingly, conditions could arise that could limit our ability to generate sufficient cash flows or to access borrowings to enable us to fund our liquidity needs, which could further limit our financial flexibility or impair our ability to obtain alternative financing sufficient to repay our debt at maturity. We believe that our cash on hand, together with funds generated by our operations and borrowings under our existing credit facilities, will provide us with sufficient liquidity and capital resources to meet our operating needs for the foreseeable future. Significant assumptions underlie this belief however, including, among other things, assumptions relating to future sales volumes, the successful implementation of our business strategies and that there will be no material adverse developments in our competitive market position, business, liquidity or capital requirements. In the event that we do not have sufficient liquidity, we may be required to seek additional capital, reduce or cut back our operating activities, capital expenditures or otherwise alter our business strategy. If we obtain additional capital by issuing equity, the interests of our existing stockholders will be diluted. If we incur additional debt, the agreements governing that debt may contain significant financial and other covenants that may materially restrict our operations. The Company may not be able to obtain refinancing or additional financing on favorable terms or at all. ~~The Company has identified certain risks related to the Company's ability to continue as a going concern. See Note 1, Going Concern for further information.~~

Our indebtedness and restrictive covenants under our credit facilities could limit our operational and financial flexibility. We have incurred indebtedness, and may incur additional debt in the future. Our ability to make interest and scheduled principal payments and operate within restrictive covenants could be adversely impacted by changes in the availability, terms and cost of capital, changes in interest rates or changes in our credit ratings or our outlook. These changes could increase our cost of business, limiting our ability to pursue acquisition opportunities, react to market conditions and meet operational and capital needs, thereby placing us at a competitive disadvantage. Global economic conditions may adversely impact our business, operating results or financial condition. Disruption and volatility in global financial markets may lead to increased rates of default and bankruptcy and may negatively impact consumer and business spending levels. Current or potential customers may delay or decrease spending on our products and services as their business and / or budgets are impacted by economic conditions. The inability of current and potential customers to pay SIFCO for its products and services may adversely affect its earnings and cash flows. Further, we are exposed to fluctuations in inflation, which could negatively affect our business, financial condition and results of operation. The United States and other jurisdictions have recently experienced high levels of inflation. ~~If the inflation rate rates continues~~ **continue** to increase, it will likely affect our expenses, including, but not limited to, employee compensation and labor expenses and increased costs for supplies, and we may not be successful in offsetting such cost increases. We cannot predict changes in worldwide or regional economic conditions and government policies, as such conditions are highly volatile and beyond our control. If these conditions ~~were to~~ deteriorate for extended periods, however, our business, results of operations and financial condition could be materially adversely affected. The funding and costs associated with our pension plans and significant changes in key estimates and assumptions, such as discount rates and assumed long-term returns on assets, actual investment returns on our pension plan assets, and legislative and regulatory actions could affect our earnings, equity and contributions to our pension plans in future periods. Certain of the Company's employees are covered by its noncontributory defined benefit pension plans (**collectively, the "Plans"**). The impact of these Plans on our ~~earnings~~ **financial performance** may be volatile in that the amount of expense we record ~~and~~ may materially change from year to year because those calculations are sensitive to changes in several key economic assumptions, including discount rates, inflation, expected return on plan assets, retirement rates and mortality rates. ~~These~~ **The** pension costs **associated with the Plans** are dependent on significant judgment in the use of various estimates and assumptions, particularly with respect to the discount rate and expected long-term rates of return on plan assets. Changes to these estimates and assumptions could have a material adverse effect on our financial position, results of operations or cash flows. Differences between actual investment returns and our assumed long-term returns on assets will result in changes in future pension expense and the funded status of our Plans, and could increase future funding of the Plans. Changes in these factors affect our plan funding, cash flows, earnings, and shareholders' equity. ~~Additionally, the Company contributed to a multi-employer retirement plan. While the Company withdrew from this plan to mitigate future costs, the Company may be subject to liability in connection with such withdrawal (see Note 8, Retirement Benefit Plans).~~ Market volatility and adverse

capital or credit market conditions may affect our ability to access cost-effective sources of funding and may expose SIFCO to risks associated with the financial viability of suppliers. The financial markets can experience high levels of volatility and disruption **in response to various macroeconomic factors**, reducing the availability of credit for certain issuers **and the financial markets have undergone significant volatility in reaction to various macroeconomic factors**. The 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 capital market financing or bank financing on favorable terms, or at all, which could have a material adverse effect on our financial position, results of operations or cash flows. Tightening credit markets could also adversely affect our suppliers' ability to obtain financing. Delays in suppliers' ability to obtain financing, or the unavailability of financing, could negatively affect their ability to perform their contracts with SIFCO and cause our inability to meet our contract obligations. The inability of our suppliers to obtain financing could also result in the need for us to transition to alternate suppliers, which could result in significant incremental costs and delays. A write-off of all or part of our goodwill **or other intangible assets** could adversely affect our operating results and net worth. Goodwill **is and other intangible assets are** a component of our assets. At September 30, **2023-2024**, goodwill was \$ 3. 5 million **and other intangible assets were \$ 0. 3 million** of our total assets of \$ **96-104. 5-6** million. We may have to write off all or part of our goodwill **or other intangible assets** if their **the** value becomes impaired. Although this write-off would be a non-cash charge, it could reduce our earnings and our financial condition. **The failure to streamline operational synergies and refocus on our core aerospace forging business could adversely affect our business and results of operations. As noted above, in October 2024, we completed the sale of our CBlade forging and manufacturing business located in Maniago, Italy. We cannot be certain that initiatives to streamline operational synergies and refocus on our core aerospace forging business will be successfully implemented following the sale of our Italian operations, or that the disposition of these operations will positively impact our profitability. To the extent we are not successful in implementing these initiatives, our business may be adversely impacted.**

**General Risks** Our business is subject to risks associated with widespread public health crises. We have continued to see a prolonged residual impact of the COVID-19 pandemic on the economy, our industry, and our business, with increased challenges for customers, labor shortages, supply chain disruptions, and increasing inflation, among others. The pandemic has affected and is expected to continue to affect certain elements of our operations and business. As a result, we have been operating in industries which continue to be impacted by the COVID-19 pandemic. As a result of the residual impacts of the pandemic, we may in the future experience, production site shutdowns, and workplace disruptions and restrictions on the movement of people, raw materials and goods, both at our own facilities and at the facilities operated by our customers and suppliers. Further or a more prolonged suspension of operations or delayed recovery in our operations, and / or any similar suspension of operations or delayed recovery at one or more of our key suppliers, or the failure of any of our key suppliers, would result in further challenges to our business, leading to a further material adverse effect on our business, financial condition, results of operations, and cash flows. We expect to continue to experience unpredictable changes in demand from the markets we serve. The A & E industries continue to be negatively impacted by the residual impacts of the COVID-19 pandemic and its effects as a result of various restrictions on air travel, supply chain disruptions and labor shortages. These factors have caused reductions in demand for commercial aircraft, which have adversely impacted our net sales and operating results and may continue to do so for an extended period of time. Further, an overall reduction in business activity as a result of the disruption previously led to a softening of the energy market. If the residual impact of the pandemic continues and / or conditions worsen, we may experience additional adverse impacts on our operations, costs, customer orders, and collections of accounts receivable, which may be material. While we are unable to predict the magnitude of the impact of these factors at this time, the loss of, or significant reduction in, purchases by our large customers could have a material adverse effect on our business, financial condition, and results of operations. Additionally, the residual impacts of the pandemic could lead to an extended disruption of economic activity whereby the impact on our consolidated results of operations, financial position and cash flows could be material. While the potential economic impact brought by and the duration of the residual impacts of the coronavirus outbreak may be difficult to assess or predict, the resurgence of a widespread pandemic could result in significant or sustained disruption of global financial markets, reducing our ability to access capital, which could in the future negatively affect our liquidity. While the Company believes it has adequate cash / liquidity available to finance its operations, our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, depends on our future performance, which is subject to general economic, financial, competitive and other factors (including the continued residual impact of COVID-19) beyond our control. In addition, while we believe we have taken appropriate steps to maintain a safe workplace to protect our employees from contracting and spreading the coronavirus, we may not be able to prevent the spread of the virus among our employees, face litigation or other proceedings making claims related to unsafe working conditions, inadequate protection of our employees or other claims. Any of these claims, even if without merit, could result in costly litigation or divert management's attention and resources. Furthermore, we may face a sustained disruption to our operations due to one or more of the factors described above. The price of our common stock may fluctuate significantly. An active, liquid and orderly market for our common stock may not be sustained, which could depress the trading price of our common stock. Volatility in the market price of our common stock may prevent you from being able to sell your shares at or above the price you paid for your shares or at all. The market price of our common stock could fluctuate significantly for various reasons, which include: a. our quarterly or annual earnings or those of our competitors or our significant customers; b. the public's reaction to our press releases, our other public announcements and our filings with the Securities and Exchange Commission; c. changes in earnings estimates or recommendations by research analysts who track the stocks of our competitors; d. new laws or regulations or new interpretations of laws or regulations applicable to our business; e. changes in accounting standards, policies, guidance, interpretations or principles; f. changes in

general conditions in the domestic and global economies or financial markets, including those resulting from war, incidents of terrorism, health crises or responses to such events; g. litigation involving our company or investigations or audits by regulators into the operations of our company or our competitors; h. strategic action by our competitors; i. sales of common stock by our directors, executive officers and significant shareholders; and j. our stock being closely held by insider holdings and is thinly traded which impacts price volatility. In addition, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may significantly affect the market price of our common stock, regardless of actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. If litigation is instituted against us, it could result in substantial costs and a diversion of our management's attention and resources. Unanticipated changes in our tax provisions or exposure to additional income tax liabilities could affect our profitability and cash flow. SIFCO is subject to income taxes in the United States, ~~Italy~~ and Ireland. Significant judgment is required in determining our provision for income taxes. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. Changes in applicable income tax laws and regulations, or their interpretation, could result in higher or lower income tax rates or changes in the taxability of certain sales or the deductibility of certain expenses, thereby affecting our income tax expense and profitability. In addition, the final results of any tax audits or related litigation could be materially different from our related historical income tax provisions and accruals. Additionally, changes in our tax rate as a result of changes in our overall profitability, changes in tax legislation, changes in the valuation of deferred tax assets and liabilities, changes in differences between financial reporting income and taxable income, the examination of previously filed tax returns by taxing authorities and continuing assessments of our tax exposures can also impact our tax liabilities and affect our income tax expense, profitability and cash flow. Damage or destruction of our facilities caused by storms, earthquakes or other causes could adversely affect our financial results and financial condition. We have operations located in regions of the world that may be exposed to damaging storms, earthquakes and other natural disasters as well as other events outside of our control, such as fires, floods and other catastrophic events. We maintain standard property casualty insurance coverage for our properties and may be able to recover costs associated with certain natural disasters through insurance; however, even if covered by insurance, any significant damage or destruction of our facilities due to such events could result in our inability to meet customer delivery schedules and may result in the loss of customers and significant additional costs to SIFCO. Thus, any significant damage or destruction of our properties could have a material adverse effect on our business, financial condition or results of operations. The occurrence of litigation where we could be named as a defendant is unpredictable. From time to time, we are involved in various legal and other proceedings that are incidental to the conduct of our business. While we believe no current proceedings, if adversely determined, could have a material adverse effect on our financial results, no assurances can be given. Any such claims may divert financial and management resources that would otherwise be used to benefit our operations and could have a material adverse effect on our financial results. Our operations are subject to environmental laws, and complying with those laws may cause us to incur significant costs. Our operations and facilities are subject to numerous stringent environmental laws and regulations. Although we believe that we are in compliance with these laws and regulations, future changes in these laws, regulations or interpretations of them, or changes in the nature of our operations may require us to make significant capital expenditures to ensure compliance. ~~Item 2. Properties~~