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**Castings P.L.C.**

**Final Results**

**Year ended 31 March 2025**

**DTR 6.3.5 Disclosure**

**Chairman's Statement**

**Overview**

Demand from our heavy truck customers, which make up over 75% of group revenue, was at a reduced level compared to the very strong levels of the previous year. These OEMs have been reporting a normalisation of demand throughout the year and this has naturally fed through to reduced schedules being placed on us. The reduction in schedules worsened during the first three quarters but recovered somewhat during the final quarter.

The European market, which comprises nearly three-quarters of our revenue, was reduced generally but particularly in Germany and truck manufacturers with a greater exposure to this market were impacted more heavily. Demand from the US was strong in the first half of the year but this also declined as the year progressed and especially so in the last quarter with greater political and economic uncertainty in the region.

Turnover decreased by 21% compared with the previous year and operating profit reduced by 76%. The despatch weight fell by 19% compared to the prior year.

The year saw a significant increase in electricity costs as a direct result of lower customer demand. As a consequence of consuming less electricity, penalties were enforced on forward purchased electricity volumes that were not required. The total of these penalties was £1.5 million, which includes a provision for the period up to the end of the contract in September 2025. The forward volumes purchased from October 2025 onwards have been restricted and no further financial loss is anticipated for these periods.

In June 2024 the group purchased the fixed assets and stock from the administrators of a business making large iron castings (up to 7 tonnes) in Scunthorpe. The purchase represented an opportunity to supply products and customers that were new to the group. It also enables us to offer our existing customers a broader product range.

The Scunthorpe business, which traditionally supplies the capital goods market, is more exposed to spot-orders which creates greater short-term demand variability compared to the other foundries in the group. Whilst the initial level of demand following the purchase was high, this subsequently reduced during the second half of the financial year.

The overall loss during the nine months of operation was £1.3 million, although this does include £0.4 million of set-up costs to re-establish the business following a period of underinvestment. The business is now established and generating orders for new products from new customers as well as having re-established existing customer relationships.

**Foundry businesses**

Demand was down by nearly 20% on a sales weight basis (like-for-like) compared to the high levels of the previous year. This reduction has negatively impacted production efficiencies in these businesses during the year. The impact of the electricity penalties also affects the foundries to a much greater extent than the machining business due to the greater levels of consumption.

Last year the board approved the installation of an additional foundry production line at our William Lee site. We are nearing the end of the installation phase of the project and commissioning is expected to be complete later in the summer. The project is in line with budget. The new production line will add up to 12,000 tonnes of additional gross foundry capacity which represents a 15% increase on the group's current capacity. The additional facility will enable us to take advantage of new and growing market areas such as wind energy, agriculture and further opportunities in the US as well as satisfying additional demand from our existing customer base.

**CNC Speedwell**

It is pleasing to report a solid performance in the machining business against the backdrop of lower demand levels.

Investment has been focussed on replacing older equipment with more efficient machines in line with our on-going replacement programme.

**Outlook**

The schedules from our heavy truck customers suggest that the current lower levels of demand will continue in the short-term with improvements in the autumn.

The new foundry line can produce parts with slightly larger dimensions, thus providing the opportunity to quote for work that would have previously been outside of our scope. This will result in incremental business. The facility in Scunthorpe then allows for significantly larger castings to be supplied to existing and new customers.

At the time of writing, with the nature of the parts we supply, we do not consider the changes to tariffs to be a significant issue to our existing business in the US.

As is well reported, the UK has the highest energy prices relative to our overseas competition, on top of which the Government's decision to increase national insurance is a considerable burden for UK manufacturers. These issues impact on our competitive position. The group continues to invest in productivity and efficiency measures to try to

Impact on our competitive position. The group continues to invest in productivity and efficiency measures to try to mitigate these challenges.

We will continue to develop opportunities with existing customers in areas such as the electrification of lighter trucks and build relationships in other markets such as wind energy, agriculture and in the US.

#### **Dividend**

The directors have considered carefully the outlook described above and the strong balance sheet, even after significant capital investment during the year, and have decided to recommend the payment of a final dividend at the same level as last year. Accordingly the directors are recommending the payment of a final dividend of 14.19 pence per share to be paid on 26 August 2025 to shareholders on the register on 18 July 2025. This, together with the interim dividend, gives a total dividend for the year of 18.40 pence per share.

#### **Directors**

As part of our succession planning, Stephen Harrison was appointed to the board as a non-executive director on 26 September 2024. Having been CEO of Forterra plc and currently non-executive chairman of Epwin Group plc and Tungsten West plc, Stephen brings significant relevant experience to the group.

I would like to thank Andrew Eastgate, who is not seeking re-election at the AGM, for his outstanding contribution to the board over the last seven years. Andrew will retire as a non-executive director on 26 August 2025.

I also wish to thank the directors, senior management and all of our employees for their hard work and commitment during the year.

**A. N. Jones**

Chairman

11 June 2025

### **Business and Financial Review**

#### **General overview**

The underlying demand from our commercial vehicle customers (approximately 75% of group revenue) was down 20% when compared to the elevated levels of the previous year.

Our OEM customers have reported demand normalisation throughout the year which, as expected, has flowed through to the schedule reductions we have seen from them.

Whilst the European truck market has been lower in general, the reductions have been particularly severe with customers who have more exposure to the German market.

The US market was a notable exception, in the first half of the year particularly, and we saw increased penetration with existing customers. However, we did see a slight slowing in Q4 as uncertainty levels increased in that market.

In addition to the reduced demand, the result has been impacted by two items in the second half of the financial year. The first is, as a direct impact of lower volumes, an increase in power costs resulting from enforced penalties payable on forward purchased electricity volumes that were not required. The second relates to the start-up costs and trading losses associated with the new business in Scunthorpe, Castings Ductile, certain assets of which were purchased from administration on 14 June 2024.

The increased electricity costs, including provision for expected losses on the contract through to September 2025, have negatively impacted the year by £1.5 million. The elevated costs are not expected to impact profitability during the year ending 31 March 2026.

The Castings Ductile business in Scunthorpe, which produces castings up to 7 tonnes, made a loss in the year of £1.3 million. This includes £0.4 million of non-recurring costs to re-establish the business which had been underinvested in during the period leading up to administration.

The demand for larger castings (typically the capital goods market) is inherently variable and a slowdown was seen in the second half of the year. The business is now established and the sales team are generating orders with new customers in new markets, including leveraging off the customer base of the traditional foundry businesses.

#### **Overview of business segment performance**

The segmental revenue and results for the current and previous years are set out in note 2. An overview of the performance, position and future prospects of each segment, and the relevant KPIs, are set out below.

#### **Key Performance Indicators**

The key performance indicators considered by the group are:

- Segmental revenue
- Segmental profit
- EPS
- Cash
- Dividends per share

#### **Foundry operations**

As set out previously, customer demand has been at lower levels throughout the year. The foundry businesses experienced a decrease in sales output of 18.7% to 41,000 tonnes. After taking into account the reduction in weight from machining, this equates to approximately 45,500 tonnes of production.

On a like-for-like basis, excluding Castings Ductile, the reduction in sales volume was 20.8%, down to 39,950 tonnes.

External sales revenue reduced by 21.1% to £175.5 million. Of the total output weight for the year, excluding Castings Ductile, 67.3% related to machined castings compared to 63.3% in the previous year. The change reflects the trend of an increasing proportion of more complex, machined parts.

The segmental profit of £2.9 million was down £13.3 million on the prior year. This includes £2.8 million of additional electricity costs and the Castings Ductile loss as set out previously.

The result represents a profit margin of 1.5% on total segmental sales (2024 - 6.4%) reflecting the impact of the significant fall in the demand schedules.

Investment of £15.1 million has been made in the foundry businesses during the year. The most significant element of this was

£10.6 million of payments for the new production line at our William Lee site. Of that, £6.7 million relates to down

payments for undeivered plant; this has been classified within prepayments. The expected cost of the new production facility remains in line with budget and is on target to be completed later this summer.

The additional £4.5 million capitalised includes three additional automation cells and the replacement of older production equipment. These investments will enable further production efficiencies to be realised.

### **Machining**

The machining business generated total sales of £32.1 million in the year compared to £37.6 million in the previous year, a reduction of 14.6%. Of the total revenue, 4.6% was generated from external customers compared to 5.0% in 2024.

The segmental result for the year was a profit of £2.0 million (2024 - £3.7 million).

There was a time-lag between the lower levels of customer demand for the group and the reduction in the output from the machining business. This resulted in a lower revenue and profitability reduction compared to the foundries, but also meant that finished stock levels increased during the year.

We have invested £3.0 million during the year, which included £1.6 million on more efficient machining capacity in line with our machine replacement programme.

### **Business review and performance**

#### **Revenue**

Group revenues decreased by 21.1% to £177.0 million compared to £224.4 million reported in 2024, of which 84% was exported (2024 - 85%).

The revenue from the foundry operations to external customers decreased by 21.1% to £175.5 million (2024 - £222.5 million) with the dispatch weight of castings to third-party customers decreasing by 18.7% to 41,000 tonnes (2024 - 50,450 tonnes).

Revenue from the machining operation to external customers decreased by 21.1% during the year to £1.5 million (2024 - £1.9 million).

#### **Operating profit and segmental result**

The group operating profit for the year was £4.8 million compared to £19.8 million reported in 2024, which represents a return on sales of 2.7% (2024 - 8.8%).

#### **Finance income**

The level of finance income decreased to £0.96 million compared to £1.53 million in 2024, reflecting the lower interest rates available on deposits during the financial year and the reduced sums on deposit.

#### **Profit before tax**

Profit before tax has decreased to £5.6 million from £21.3 million in the prior year.

#### **Taxation**

The tax charge of £1.45 million (2024 - £4.57 million) is made up of a current tax charge of £0.47 million (2024 - £4.25 million) and a deferred tax charge of £0.98 million (2024 - £0.31 million).

The effective rate of tax of 25.8% (2024 - 21.4%) is marginally higher than the main rate of corporation tax of 25% (2024 - 25%). The effective rate in the previous year was lower due to a credit to the deferred tax estimate relating to the prior year.

#### **Earnings per share**

Basic earnings per share decreased 75.0% to 9.60 pence (2024 - 38.45 pence), reflecting the 75.0% decrease in profit before tax.

Options over 66,787 shares were granted during the year (2024 - options over 37,620 shares). The company did not purchase any shares during the year (2024 - 100,000). The diluted weighted average number of shares has decreased to 43,672,384 resulting in a diluted earnings per share of 9.56 pence per share (2024 - 38.32 pence per share).

#### **Dividends**

The directors are recommending a final dividend of 14.19 pence per share (2024 - 14.19 pence per share) to be paid on

26 August 2025 to shareholders on the register on 18 July 2025. This would give a total ordinary distribution for the year of 18.40 pence per share (2024 - 18.32 pence per share).

#### **Cash flow**

The cash position at 31 March 2025 was £15.6 million compared to £32.5 million in the previous year.

The group generated cash from operating activities of £12.3 million compared to £21.6 million in 2024. When compared to 2024, the variance is mainly due to the significant reduction in operating profit of £15.6 million and a lower working capital outflow.

In the year to 31 March 2025, the most significant increase to working capital relates to an increase in receivables of £6.8 million compared to the start of the year. This includes £6.7 million of payments made on the new foundry line project which have been classified as prepayments on the basis they are stage payments on assets not yet delivered.

Corporation tax payments, net of overpayments received relating to prior years, during the year totalled £1.0 million compared to £2.6 million in 2024.

Capital expenditure during the year amounted to £19.8 million (2024 - £9.6 million), including £6.7 million of advanced deposit payments. As set out previously, and the charge for depreciation was £8.9 million (2024 - £8.9 million).

The company pays pensions on behalf of the two final salary pension schemes and then reclaims these advances from the schemes. During the year repayments of £4.0 million (2024 - £2.1 million) were received from the schemes and advances were paid on behalf of the schemes of £2.3 million (2024 - £2.1 million). The outstanding amount of these advances of £0.5 million will be repaid to the company during the current financial year.

Dividends paid to shareholders were £11.0 million in the year (2024 - £14.2 million) which includes £3.0 million in relation to a supplementary dividend in respect of the year ended 31 March 2024.

The company did not purchase any shares to be held in treasury (2024 - 100,000 shares at a total cost of £0.40 million).

The net cash and cash equivalents movement for the year was a decrease of £17.0 million (2024 - decrease of £3.0 million).

At 31 March 2025, the total cash and deposits position was £15.7 million (2024 - £32.5 million).

#### Pensions

The pension valuation showed an increase in the surplus, on an IAS 19 (Revised) basis, to £12.2 million compared to £10.9 million in the previous year.

The majority of the liabilities of the schemes are covered by an insurance asset that fully matches, subject to final adjustment of the bulk annuity pricing, the remaining pension liabilities of the schemes. However, there remains the uninsured element relating to the GMP equalisation liability.

The pension surplus continues not to be shown on the balance sheet due to the IAS 19 (Revised) restriction of recognition of assets where the company does not have an unconditional right to receive returns of contributions or refunds.

#### Balance sheet

Net assets at 31 March 2025 were £127.4 million (2024 - £134.0 million). Other than the total comprehensive income for the year of £4.3 million (2024 - £16.8 million), the only movements relate to the dividend payment of £11.0 million (2024 - £14.2 million) and share-based payment charge of £0.14 million (2024 - £0.10 million).

Non-current assets have increased to £68.2 million (2024 - £61.8 million). Property, plant and equipment has increased by £4.3 million with investment during the year being at a higher level than the depreciation charge. The group has recognised a right-of-use asset in the year in respect of the operating lease negotiated at the time of the Castings Ductile asset purchase; the year end balance being £2.1 million.

Current assets have decreased to £100.1 million (2024 - £112.3 million) with the receivables increase being offset by a reduction in cash levels.

Total liabilities have increased to £40.8 million (2024 - £40.1 million), reduction in trade payables being offset by the recognition of lease liabilities in respect of the property lease.

#### Consolidated Statement of Comprehensive Income

for the year ended 31 March 2025

	2025 £000	2024 £000
<b>Revenue</b>	<b>176,969</b>	224,414
Cost of sales	(149,478)	(181,124)
<b>Gross profit</b>	<b>27,491</b>	43,290
Distribution costs	(3,207)	(4,694)
Administrative expenses	(19,512)	(18,837)
<b>Profit from operations</b>	<b>4,772</b>	19,759
Finance income	962	1,527
Finance expenses	(107)	-
<b>Profit before income tax</b>	<b>5,627</b>	21,286
Income tax expense	(1,454)	(4,565)
<b>Profit for the year attributable to equity holders of the parent company</b>	<b>4,173</b>	16,721
 <b>Profit for the year attributable to equity holders of the parent company</b>	 <b>4,173</b>	 16,721
<b>Other comprehensive income for the year:</b>		
Items that will not be reclassified to profit and loss:		
Movement in unrecognised surplus on defined benefit pension schemes net of actuarial gains and losses	165	112
<b>Other comprehensive income for the year (net of tax)</b>	<b>165</b>	112
 <b>Total comprehensive income for the year attributable to the equity holders of the parent company</b>	 <b>4,338</b>	 16,833
<b>Earnings per share attributable to the equity holders of the parent company</b>		
Basic	9.60p	38.45p
Diluted	9.56p	38.32p

#### Consolidated Balance Sheet

as at 31 March 2025

	2025 £000	2024 £000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	66,123	61,799
Right-of-use assets	2,056	-
Financial assets	-	-
	<b>68,179</b>	61,799
<b>Current assets</b>		
Inventories	32,780	33,136
Trade and other receivables	51,743	46,593
Cash and cash equivalents	15,564	32,527

	<b>100,087</b>	112,256
<b>Total assets</b>	<b>168,266</b>	174,055
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	31,557	33,329
Lease liabilities	228	-
Current tax liabilities	132	706
	<b>31,917</b>	34,035
<b>Non-current liabilities</b>		
Lease liabilities	1,901	-
Deferred tax liabilities	7,013	6,030
	<b>8,914</b>	6,030
<b>Total liabilities</b>	<b>40,831</b>	40,065
<b>Net assets</b>	<b>127,435</b>	133,990
<b>Equity attributable to equity holders of the parent company</b>		
Share capital	4,363	4,363
Share premium account	874	874
Treasury shares	(627)	(627)
Other reserve	13	13
Retained earnings	122,812	129,367
<b>Total equity</b>	<b>127,435</b>	133,990

**Consolidated Cash Flow Statement**  
for the year ended 31 March 2025

	2025 £000	2024 £000
<b>Cash flows from operating activities</b>		
Profit before income tax	5,627	21,286
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	8,898	8,851
Loss on disposal of property, plant and equipment	2	25
Finance income	(962)	(1,527)
Finance expenses	107	-
Equity-settled share-based payment expense	145	102
Pension administrative costs	165	112
<b>Operating cash flow before changes in working capital</b>	<b>13,982</b>	28,849
Decrease/(increase) in inventories	356	(7,041)
(Increase)/decrease in receivables	(130)	4,486
Decrease in payables	(1,876)	(4,651)
<b>Cash generated from operating activities</b>	<b>12,332</b>	21,643
Tax paid	(1,045)	(2,568)
Interest received	957	1,474
Finance expenses	(107)	-
<b>Net cash generated from operating activities</b>	<b>12,137</b>	20,549
<b>Cash flows from investing activities</b>		
Dividends received from listed investments	5	12
Purchase of property, plant and equipment	(13,078)	(9,584)
Advanced payments in respect of property, plant and equipment	(6,676)	-
Proceeds from disposal of property, plant and equipment	31	191
Proceeds from sale of financial assets	-	397
Repayments from pension schemes	3,990	2,120
Advances on behalf of the pension schemes	(2,334)	(2,119)
<b>Net cash used in investing activities</b>	<b>(18,062)</b>	(8,983)
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders	(11,038)	(14,209)
Purchase of own shares	-	(396)
<b>Net cash used in financing activities</b>	<b>(11,038)</b>	(14,605)
<b>Decrease in cash and cash equivalents</b>	<b>(16,963)</b>	(3,039)
Cash and cash equivalents at beginning of year	32,527	35,566
<b>Cash and cash equivalents at end of year</b>	<b>15,564</b>	32,527
<b>Cash and cash equivalents:</b>		
Short-term deposits	554	13,230
Cash available on demand	15,010	19,297
	<b>15,564</b>	32,527

**Consolidated Statement of Changes in Equity**  
for the year ended 31 March 2025

	Share capital <sup>a)</sup> £'000	Share premium <sup>b)</sup> £'000	Treasury shares <sup>c)</sup> £'000	Other reserved <sup>d)</sup> £'000	Retained earnings <sup>e)</sup> £'000	Total equity £'000
At 1 April 2024	4,363	874	(627)	13	129,367	133,990
Profit for the year	-	-	-	-	4,173	4,173
Other comprehensive income:						
Movement in unrecognised surplus on defined benefit pension schemes net of actuarial gains and losses	-	-	-	-	165	165
Total comprehensive income for the year	-	-	-	-	4,338	4,338
Equity-settled share-based payments	-	-	-	-	145	145
Dividends (see note 4)	-	-	-	-	(11,038)	(11,038)
At 31 March 2025	4,363	874	(627)	13	122,812	127,435

	Share capital <sup>a)</sup> £'000	Share premium <sup>b)</sup> £'000	Treasury shares <sup>c)</sup> £'000	Other reserved <sup>d)</sup> £'000	Retained earnings <sup>e)</sup> £'000	Total equity £'000
At 1 April 2023	4,363	874	(231)	13	126,641	131,660
Profit for the year	-	-	-	-	16,721	16,721
Other comprehensive income/(losses):						
Movement in unrecognised surplus on defined benefit pension schemes net of actuarial gains and losses	-	-	-	-	112	112
Total comprehensive income for the year	-	-	-	-	16,833	16,833
Shares acquired in the year	-	-	(396)	-	-	(396)
Equity-settled share-based payments	-	-	-	-	102	102
Dividends (see note 4)	-	-	-	-	(14,209)	(14,209)
At 31 March 2024	4,363	874	(627)	13	129,367	133,990

a) Share capital - The nominal value of allotted and fully paid up ordinary share capital in issue.  
b) Share premium - Amount subscribed for share capital in excess of nominal value.  
c) Treasury shares - Value of shares acquired by the company.  
d) Other reserve - Amounts transferred from share capital on redemption of issued shares.  
e) Retained earnings - Cumulative net gains and losses recognised in the statement of comprehensive income.

## Financial Information

### 1 Basis of preparation

The group financial statements have been prepared in accordance with UK-adopted international accounting standard in conformity with the requirements of the Companies Act 2006.

The IFRSs applied in the group financial statements are subject to ongoing amendment by the IASB and therefore subject to possible change in the future. Further standards and interpretations may be issued that will be applicable for financial years beginning on or after 1 April 2025 or later accounting periods but may be adopted early.

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

The primary statements within the financial information contained in this document have been presented in accordance with IAS 1 Presentation of Financial Statements.

The financial statements are prepared on a going concern basis and under the historical cost convention, except where adjusted for revaluations of certain assets, and in accordance with applicable Accounting Standards and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. A summary of the principal group IFRS accounting policies is set out below. The presentation currency used is sterling and the amounts have been presented in round thousands ("£'000").

### 2 Operating segments

For internal decision-making purposes, the group is organised into four operating companies which are considered to be the operating segments of the group: Castings P.L.C., William Lee Limited and Castings Ductile Limited are aggregated into Foundry operations, due to the similar nature of the businesses, and CNC Speedwell Limited is the Machining operation. All non-current assets are based in the United Kingdom. Inter-segment transactions are entered into under the normal commercial terms and conditions that would be available to third parties.

The following shows the revenues, results and total assets by reportable segment in the year to 31 March 2025:

	Foundry operations £'000	Machining operations £'000	Elimination £'000	Total £'000
Revenue from external customers	175,492	1,477	-	176,969
Inter-segmental revenue	22,447	30,655	(53,102)	-
Segmental result (profit from operations before pension cost)	2,894	2,028	15	4,937
Unallocated costs:				
Defined benefit pension cost			(165)	
Finance income			962	
Finance expenses			(107)	
Profit before income tax			5,627	
Total assets	153,887	28,485	(14,106)	168,266
Non-current asset additions	10,203	2,988	-	13,191

Depreciation (including right-of-use asset depreciation)	5,027	3,871	-	8,898
Total liabilities	(42,976)	(6,677)	8,822	(40,831)

The following shows the revenues, results and total assets by reportable segment in the year to 31 March 2024:

	Foundry operations £'000	Machining operations £'000	Elimination £'000	Total £'000
Revenue from external customers	222,542	1,872	-	224,414
Inter-segmental revenue	28,433	35,774	(64,207)	-
Segmental result (profit from operations before pension cost)	16,184	3,719	(32)	19,871
Unallocated costs:				
Defined benefit pension cost			(112)	
Finance income			1,527	
Profit before income tax			21,286	
Total assets	156,605	30,822	(13,372)	174,055
Non-current asset additions	5,179	5,334	-	10,513
Depreciation	5,069	3,782	-	8,851
Total liabilities	(40,424)	(7,719)	8,078	(40,065)

	2025 £'000	2024 £'000
<b>The geographical analysis of revenues by destination for the year is as follows:</b>		
United Kingdom	28,742	34,296
Sweden	50,623	63,814
Germany	25,056	36,926
Netherlands	25,962	35,400
Rest of Europe	29,195	35,889
North and South America	16,462	16,927
Other	929	1,162
	176,969	224,414

All revenue arises in the United Kingdom from the group's continuing activities.

### 3 Income tax expense

	2025 £'000	2024 £'000
Corporation tax based on a rate of 25% (2024 - 25%)		
UK corporation tax	531	4,425
Current tax on profits for the year	(60)	(171)
Adjustments to tax charge in respect of prior years	471	4,254
Deferred tax		
Current year origination and reversal of temporary differences	999	1,011
Adjustment to deferred tax charge in respect of prior years	(16)	(700)
	983	311
Taxation on profit	1,454	4,565
Profit before income tax	5,627	21,286
Tax on profit at the standard rate of corporation tax in the UK of 25% (2024 - 25%)	1,407	5,322
Effect of:		
Expenses not deductible for tax purposes	82	86
Adjustment to tax charge in respect of prior years	(60)	(171)
Adjustment to deferred tax charge in respect of prior years	(16)	(700)
Pension adjustments	41	28
Total tax charge for the year	1,454	4,565
Effective rate of tax (%)	25.8	21.4

### 4 Dividends

	2025 £'000	2024 £'000
Final paid of 14.19p per share for the year ended 31 March 2024 (2023 - 13.51p)	6,167	5,881
Interim paid of 4.21p per share (2024 - 4.13p)	1,829	1,794
Supplementary dividend of 7.00p per share for the year ended 31 March 2024 (2023 - 15.00p)	3,042	6,534
	11,038	14,209

The directors are proposing a final dividend of 14.19 pence (2024 - 14.19 pence) per share totalling £6,166,700 (2024 - £6,166,700). This dividend has not been accrued at the balance sheet date.

### 5 Earnings per share and diluted earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2025	2024
Profit after taxation (£'000)	4,173	16,721

Weighted average number of shares - basic calculation	<b>43,458,068</b>	43,488,441
Earnings per share - basic calculation (pence per share)	<b>9.60p</b>	38.45p
Number of dilutive share options in issue	<b>214,316</b>	147,529
Weighted average number of shares - diluted calculation	<b>43,672,384</b>	43,635,970
Earnings per share - diluted calculation (pence per share)	<b>9.56p</b>	38.32p

## 6 Property, plant and equipment

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 2024	41,501	166,031	207,532
Additions during the year	744	12,447	13,191
Disposals	-	(8,512)	(8,512)
At 31 March 2025	<b>42,245</b>	<b>169,966</b>	<b>212,211</b>
<b>Accumulated depreciation</b>			
At 1 April 2024	14,689	131,044	145,733
Charge for year	968	7,866	8,834
Disposals	-	(8,479)	(8,479)
At 31 March 2025	<b>15,657</b>	<b>130,431</b>	<b>146,088</b>
<b>Net book values</b>			
At 31 March 2025	<b>26,588</b>	<b>39,535</b>	<b>66,123</b>
At 31 March 2024	26,812	34,987	61,799
<b>Cost</b>			
At 1 April 2023	40,957	160,396	201,353
Additions during the year	544	9,969	10,513
Disposals	-	(4,334)	(4,334)
At 31 March 2024	<b>41,501</b>	<b>166,031</b>	<b>207,532</b>
<b>Accumulated depreciation</b>			
At 1 April 2023	13,720	127,280	141,000
Charge for year	969	7,882	8,851
Disposals	-	(4,118)	(4,118)
At 31 March 2024	<b>14,689</b>	<b>131,044</b>	<b>145,733</b>
<b>Net book values</b>			
At 31 March 2024	<b>26,812</b>	<b>34,987</b>	<b>61,799</b>
At 31 March 2023	27,237	33,116	60,353

The net book value of land and buildings includes £2,168,000 (2024 - £2,168,000) for land which is not depreciated.

Included within plant and equipment are assets in the course of construction with a net book value of £5,630,000 (2024 - £890,000) which are not depreciated.

## 7 Commitments and contingencies

	2025 £'000	2024 £'000
Capital commitments contracted for by the group but not provided for in the financial statements	<b>7,376</b>	16,151

Capital commitments primarily relate to the investment in the new foundry line.

The group does not insure against the potential cost of product warranty or recall. Accordingly, there is always the possibility of claims against the group for quality related issues on parts supplied to customers. As at 31 March 2025, the directors do not consider any significant liability will arise in respect of any such claims (2024 - £nil).

## 8 Pensions

The company operates two defined benefit pension schemes which were closed to future accruals at 6 April 2009. The funded status of these schemes at 31 March 2024 was a surplus of £12,233,000 (2024 - £10,863,000). On 24 March 2020, the Trustees of the schemes completed a bulk annuity insurance buy-in with Aviva Life & Pensions UK Limited thus providing certainty and security for all members of the schemes. The buy-in secures an insurance asset from Aviva that fully matches, subject to final price adjustment of the bulk annuity pricing, the remaining pension liabilities of the schemes. The buy-in covers the investment, longevity, interest rate and inflation risks in respect of the schemes and therefore substantially reduces the pension risk to the company.

The pension surplus has not been recognised as the group does not have an unconditional right to receive returns of contributions or refunds under the scheme rules.

## 9 Preliminary statement

The financial information set out above does not constitute the company's statutory financial statements for the years ended 31 March 2025 or 2024 but is derived from those financial statements. Statutory financial statements for 2024 have been delivered to the Registrar of Companies and those for 2025 will be delivered following the company's Annual General Meeting. The auditors have reported on those financial statements; their reports were unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under Section 498 of the Companies Act 2006.

The annual report and financial statements will be posted to shareholders on 20 June 2025 and will be available on the company's website, [www.castings.plc.uk](http://www.castings.plc.uk), from 23 June 2025.

## Appendix 1 - Principal Risks and Uncertainties

In common with all trading businesses, the group is exposed to a variety of risks in the conduct of its normal business operations.

The directors regularly assess the principal risks facing the entity. Whilst it is difficult to completely quantify every material risk that the group faces, below is a summary of those risks that the directors believe are most significant to

Material risk to the group's business, below is a summary of those risks that the directors believe are most significant to the group's business and could have a material impact on future performance, causing it to differ materially from expected or historic achieved results.

Information is also provided as to how the risks are, where possible, being managed or mitigated.

The group does not operate a formal internal audit function; however, risk management is overseen by senior management and group risk registers are maintained and regularly reviewed, alongside factors which may result in changes to risk assessments or require additional mitigation measures to be implemented.

External consultants are used to assess the design and effectiveness of controls relating to IT security to provide specialist support to management in this area.

Key risks arising or increasing in impact are reviewed at both group and subsidiary board meetings.

The impact of each risk set out below has been described as increased, stable or decreased dependent upon whether the business environment and group activity has resulted in a change to the potential impact of that risk.

Risk description	Impact	Mitigation and control
<b>Markets and competition</b>		
The group's revenues are dominated by the commercial vehicle sector which is a cyclical market exposed to macroeconomic trends.	<b>Stable</b> The operational and commercial activity of the business is driven by customer demand. Demand has the potential to change rapidly dependent upon the significant variable factors in the macroeconomic environment such as affordability and timing of investment decisions by fleet operators.	The group's operations are set up in such a way as to ensure that variation in demand can be accommodated and rapidly responded to.
Global conflicts have continued in the year with inflation and interest rates, whilst falling, remaining elevated. These factors are impacting both the underlying inflation, interest rate changes or demand for heavy goods vehicles and the changing regulatory positions.	Erosion of market share could result in loss of revenue and profit	Demand is closely reviewed by senior management on a constant basis.
A high level of competition could lead to deflation in prices. Global sourcing models could also result in resourcing of work to low cost economies.		Whilst there can be no guarantee that business will not be lost on price, we are confident that we can remain competitive.
A number of customers are now sourcing for common base engine parts and modular chassis, therefore there is pressure to ensure this business is generated by the group against global competition.		The group continues to mitigate this risk through investment in productivity, with a strong focus on cost and customer value.
<b>Customer concentration and relationships</b>		
The group has relationships with key customers in the commercial vehicle market which forms the majority of the customer base.	<b>Stable</b> The loss of, or deterioration in, any major customer relationship could have a material impact on the group's results.	We build strong relationships with our customers to develop products to meet their specific needs. The ability to supply larger castings (up to 7 tonnes) through the new Castings Ductile business provides opportunity to reduce customer concentration.
<b>Product quality and liability</b>		
The group's businesses expose it to certain product liability risks which, in the event of failure, could give rise to material financial liabilities.	<b>Stable</b> Fines or penalties could result in a loss of revenue, additional costs and reduced profits.	Whilst it is a policy of the group to endeavour to limit its financial liability by contract in all long-term agreements ('LTAs'), it is not always possible to secure such limitations.
		The group's customers do require the maintenance of demanding quality systems to safeguard against quality-related risks and the group maintains appropriate external quality accreditations. The group maintains insurance for public liability-related claims but does not insure against the risk of product warranty or recall.
<b>Technological change</b>		
Sustainability and climate change mean that customers continue to invest in the development of synthetic fuels, electric and hydrogen powered vehicles to reduce the emissions produced by the heavy-duty truck sector.	<b>Stable</b> The group continues to work with key customers producing the next generation of internal combustion engine ('ICE') commercial vehicles, whilst monitoring opportunities for the future.	The strategic focus of the group is a matter addressed through group board meetings.
The initial phase of this is focussed on passenger cars and smaller, short-range trucks which are not key markets for the group. However, the continued development of new technology does present a medium-term risk to the group as c. 30% of group revenue arises from the supply of cast iron powertrain components.		Consideration is given to what opportunities might be available within alternative light-weight metals such as aluminium, value added opportunities and also investigating the potential within hydrogen fuel cells (considered to be the most likely replacement technology for heavy-duty trucks).
		Customers continue to invest in green iron solutions, the conditions for which the group already satisfies, and demonstrate a commitment to transition

It is important to note that such a change also presents an opportunity for the group to evolve its product offering, as has always been the case over the years.

to a green iron supply chain by 2030.

Electricity contracts have been fully REGO backed since October 2022 and from October 2023 our gas is purchased alongside contractual carbon offsets. This provides a platform to support customers' green iron aspirations.

<b>Foreign exchange</b>				
The group is exposed to foreign exchange risk on both sales and purchases denominated in currencies other than sterling, being primarily the euro and US dollar.	<b>Stable</b>	The group is exposed to gains or losses that could be material to the group's financial results and can increase or decrease how competitive the group's pricing is to overseas markets.		
The group's foreign exchange risk is well-mitigated through commercial arrangements with key customers. Foreign exchange rate risk is sometimes partially mitigated by using forward foreign exchange contracts. Such contracts are short term in nature, matched to contractual cash flows and non-speculative.				
<b>Equipment</b>				
The group operates a number of specialist pieces of equipment, including foundry furnaces, moulding lines and CNC milling machines which, due to manufacturing lead times, would be difficult to replace sufficiently quickly to prevent major interruption and possible loss of business in the event of unforeseen failure.	<b>Stable</b>	A large incident could disrupt business at the site affected and result in significant rectification costs or material asset impairments.		
Whilst this risk cannot be entirely mitigated without the uneconomic duplication of all key equipment, the plant is maintained to a high standard and inventories of strategic equipment spares are maintained. The foundry facilities at Brownhills and Dronfield have similar equipment and work can be transferred from one location to another very quickly. Additional flexibility and resilience will be provided through investments in a new foundry based in Dronfield and the ongoing gradual machine replacement programme at CNC Speedwell.				
<b>Suppliers</b>				
The group holds long-standing relationships with key suppliers and there is a risk that a business which the group is critically dependent upon could be subject to significant disruption and that this could materially impact the operations of the group.	<b>Stable</b>	The risk of a supplier's business interruption remains very high due to the current global business environment.		
Although the group takes care to ensure alternative sources of supply remain available for materials or services on which the group's businesses are critically dependent, this is not always possible to guarantee without risk of short-term business disruption, additional costs and potential damage to relationships with key customers. The group continues to maintain productive dialogue with key suppliers, working together to adjust to changes to the business environment.				
<b>Commodity and energy pricing</b>				
The group is exposed to the risk of price inflation on raw materials and energy contracts.	<b>Decreased</b>	Changes to the pricing of the group's commodity and energy purchases could materially impact the financial performance of the group if no mitigating actions were taken.		
The principal metal raw materials used by the group's businesses are steel scrap and various alloys. The most important alloy raw material inputs are premium graphite, magnesium ferro-silicon, copper, nickel and molybdenum.				
The availability, and therefore price, of steel scrap has the potential to be a risk to the group as a result of steel producers transitioning from blast furnaces to electric arc furnaces.				
Wherever possible, prices and quantities (except steel) are secured through long-term agreements with suppliers. In general, the risk of price inflation of these materials resides with the group's customers through price adjustment clauses.				
Historically, energy contracts have been locked in for at least 12 months. With the volatile power market, following the end of our fixed price contract on 30 September 2022, the group entered into a flexible power agreement and as markets stabilise we continue to review the most appropriate arrangement moving forwards.				
At 31 March 2025 a proportion of power purchased is no longer required for the group's own consumption as a result of lower demand. The excess power has been sold back to the market, resulting in an onerous contract provision of £0.7 million at the year end.				
<b>Information technology, cyber security and systems reliability</b>				
The group is dependent on its information technology ('IT') systems to operate its business efficiently, without failure or interruption.	<b>Stable</b>	Significant failures to the IT systems of the group as a result of external factors could result in operational disruption and		
We continuously update our systems to mitigate current threats and align with good industry practice, including regular back-up schedules and, where				

The group continues to invest in IT systems to aid in the operational performance of the group and its reporting capabilities.	could result in operational disruption and a negative impact on customer delivery and reporting capabilities.	appropriate, hardware duplication. We regularly discuss these risks at board level to ensure it remains a key focus area.
There are increasing global threats faced by these systems as a result of sophisticated cyberattacks.		Security awareness training is conducted for all relevant employees, including phishing simulation exercises. We also conduct external penetration testing and continue to evaluate additional security solutions.
<b>Regulatory and legislative compliance</b>		
The group must comply with a wide range of legislative and regulatory requirements including modern slavery, anti-bribery and anti-competition legislation, taxation legislation, employment law and import and export controls.	<b>Stable</b> Failure to comply with legislation could lead to substantial financial penalties, business disruption, diversion of management time, personal and corporate liability and loss of reputation.	The group maintains a comprehensive range of policies, procedures and training programmes in order to ensure that both management and relevant employees are informed of legislative changes and it is clear how the group's business is expected to be carried out.  Whistleblowing procedures and an open-door management style are in place to enable concerns to be raised and addressed.  Specialist advice is made available to management when required to ensure that the group is up to date with changes in regulation and legislation.
<b>Climate change</b>		
The group's operations are energy intensive by their nature and therefore result in greenhouse gas emissions being produced, which either require reducing or offsetting.  Whilst the group considers that its businesses provide fundamental components and services which will prove resilient in a transition towards a net zero economy, it also recognises policy targets have been set which may result in changes to the wider economy and societal attitudes towards industry.  A fall in investor demand in the industrial sector could negatively impact share values; it is important to ensure that the group's sustainability strategy is communicated appropriately to ensure that stakeholders are aware of the group's progressive net zero position for scope 1 and 2 emissions, alongside the fact that the group is already well invested with plant that can support our customers' green iron aspirations (such as electric induction furnaces).  The risk of business disruption due to extreme weather events may also increase if policy targets are not met.	<b>Stable</b> It is expected that green taxes on energy and the compliance cost of meeting developing reporting obligations for our stakeholders will result in increased energy prices and administrative expenses.  Opportunities may present themselves as a result of the group's early adoption of green iron principles and strong sustainability credentials.	The group continues to develop its ESG strategy, reporting and practices and has appointed a Head of Sustainability to support this.  The ESG working group continues to monitor ESG strategy, risks, opportunities and developments.  The group is evolving its ESG reporting to communicate the positive story we have to tell, including our early adherence to green iron standard which is based on the fundamentals of electric furnaces, renewable energy and the use of scrap steel.  The group is now powered by 100% renewable power and carbon offset gas, with a number of on-site renewables projects either under way or under application.  The group operates in locations where the physical risks of climate change are relatively low but will continue to engage with and understand the needs of its stakeholders in this area.  Insurance policies are maintained in relation to the group's property, plant and equipment.
<b>People risk</b>		
The group's operations depend upon the availability of both skilled and unskilled labour to operate manual equipment and fulfil our strategic goals.  The nature of our activities and the equipment operated presents inherent health and safety risks. Our operations, if not properly managed, could have a significant impact on individual employees. Furthermore, poor safety and health practices could lead to disruption of business, financial penalties and loss of reputation.	<b>Stable</b> The inability to attract and retain talent could result in either a shortage of staff or a reduction in operating margins.	The group looks to provide safe, stable and long-term employment at competitive rates of pay.  We invest in people development, including a structured apprenticeship programme, and utilise technology and productivity gains to ensure that our products remain competitively priced.  We have clearly defined health and safety policies and practices which we regularly review and modify as circumstances and experiences dictate.

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