The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

Castings P.L.C.
Annual Financial Report
DTR 6.3.5 Disclosure
Year ended 31 March 2024

Chairman's Statement

The turnover of the group increased to £224 million (£201 million last year) with a rise in profit before tax to £21.3 million compared to £16.7 million last year.

Overview

Turnover increased by 12% compared with the previous year and operating profit increased by 21%. The despatch weight fell by 5% compared to the prior year which was at the highest level since 2014.

Demand from our customers was very strong during the year, particularly during the first half. Our heavy truck customers (approximately 80% of revenue) increased their build rates to satisfy an unprecedented level of demand, which was caused in part by the backlogs associated with the Covid period and the subsequent supply constraint issues that were well documented. In order to satisfy the elevated schedules, the group outsourced the production of some castings for a period of time to supplement our own internal production.

As we entered the second half of the year it became apparent that the OEMs had satisfied the backlog demand and we started to see schedules at a lower level. This was especially evident in the final quarter of the financial year and these reduced levels have continued into the new financial year. We are currently operating at a level approximately 20% below the highest point in 2023/24.

We have seen a year of relatively stable input prices following very significant increases in raw materials and energy in the previous financial year. The most significant increase related to electricity following the end of our fixed price contract on 30 September 2022. This additional cost of power has continued to be surcharged to our customers thus not adversely affecting group profit. It does however impact reported margins and comparisons with the prior year as the first six months of 2022/23 included the lower electricity prices in the fixed price contract.

Foundry businesses

Demand was particularly high in the first six months and then reduced during Q3 and again in Q4. The reduction in the second half of the year negatively impacted production efficiencies in these businesses. The most significant impact on the margin percentage has been the pass-through of cost rises for a full year, particularly in respect of electricity which affects the foundries to a much greater extent than the machining business.

In November 2023, the board approved the installation of an additional foundry production line at our William Lee site. Whilst we are still in the early stages of the project, it is expected that the new line will be commissioned, on time and in line with budget, in June 2025 and at a cost of approximately £17 million; it 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 very good performance in the machining business following the strong finish to the previous financial year. This demonstrates the impact of high volumes in the period and also reflects the benefits of the engineering productivity and prices of new parts introduced last year.

Investment has been focussed on replacement capacity and sustainability initiatives such as solar panels and the second phase of the more energy efficient cooling plant. The solar panels are expected to generate up to a maximum of 10% of the monthly power demand for the machining business and this is an area that we are seeking to expand in other businesses within the group.

Outlook

Our heavy truck customers are suggesting that the current lower levels of demand are likely to continue in the short-term with the potential for a slight increase in the autumn. 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 are recommending the payment of a final dividend of 14.19 pence per share to be paid on 23 August 2024 to shareholders on the register on 19 July 2024. This, together with the interim dividend, gives a total dividend for the year of 18.32 pence per share which, in line with our progressive dividend policy, represents an increase of 5.6% on the prior year.

Supplementary dividend

In addition to the final dividend set out above, the board has reviewed the cash position of the group and considered the balance between increasing returns to shareholders whilst retaining flexibility for capital and other investment opportunities. As a result, the directors are declaring a supplementary dividend of 7.00 pence per share to be paid on 24 July 2024 to shareholders on the register on 21 June 2024. This dividend, being discretionary and non-recurring, does not compromise our commitment to invest in market leading technologies to maintain our competitive advantage.

Directors

As previously announced, after nearly sixty three years with the company, of which forty have been as chairman, Brian Cooke retired from the board on 15 August 2023. I reiterate my thanks to him for his outstanding contribution to the group.

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

12 June 2024

Business and Financial Review

General overview
The underlying demand from our commercial vehicle customers, which make up nearly 80% of group revenue, was very strong, particularly in the first half of the year. Following the COVID-19 period and the well-publicised supply constraint issues, the OEMs experienced unprecedented demand for heavy trucks.

During the second half of the year, the backlog demand had been absorbed by the OEMs with many reporting a normalisation of heavy truck demand. The impact of this reduction was seen in the final quarter of the year and forward schedules continue to reflect this lower level.

Input prices have remained relatively stable during the year. The most significant increase in the last two years related to electricity following the end of a fixed price contract on 30 September 2022.

The additional cost for power purchased during the prior year was approximately £15 million reflecting elevated prices for the second half of that year. This year has a full year of elevated cost resulting in a further increase of approximately £13 million compared to the prior year. The total impact in the year when compared to the previous fixed contract rate is in the region of £28 million.

These electricity increases have continued to be surcharged to our customers and result in an increased revenue in the year. This has not adversely affected group profit as it is a pass-through of a direct cost increase.

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 in the next column.

Key Performance Indicators
The key performance indicators considered by the group are:

- Segmental revenue
- Segmental profit
- EPS
- Net cash
- Dividends per share

Foundry operations
As set out previously, customer demand was strong in the first half of the year, with schedules reducing in he second half, particularly so in the final quarter of the year.

The foundry businesses experienced a decrease in output of 5.0% to 50,450 tonnes and a rise in external sales revenue of £23.6 million (11.8%) to £222.5 million. After taking into account the reduction in weight from machining, this equates to approximately 56,200 tonnes of production.

Of the total output weight for the year, 63.3% related to machined castings compared to 59.2% in the previous year. The change reflects the trend of an increasing proportion of more complex, machined parts.

The segmental profit of £16.2 million was broadly flat compared to the previous year, which represents a profit margin of 6.4% on total segmental sales (2023 – 7.3%).

The pass-through of elevated input costs continues to be the most significant impact on the margin percentage. This has been increased further by the full-year impact of the electricity surcharge compared to six months in the prior year. In addition, the significant and sharp fall in the demand schedules in the final quarter of the year negatively impacted the margin in the year.

Investment of £5.2 million has been made in the foundry businesses during the year. The most significant element of this was £1.5 million of initial payments for the production line at our William Lee site. This represents the first foundry capacity increase for the group for over 15 years and the £17 million project remains on budget and on target for commissioning in June 2025.

Other investment during the year included a replacement programme on production and processing equipment, along with AI in areas such as metal melting and quality assurance.

Machining
The machining business generated total sales of £37.6 million in the year compared to £27.7 million in the previous year. Of the total revenue, 5.0% was generated from external customers compared to 7.3% in 2023.

The segmental result for the year was a profit of £3.7 million (2023 – £0.2 million).

With the higher demand in the year and increasing volumes on newly introduced parts, the machining business has continued to build on the strong final quarter of last year.

As demand from the foundry customers reduced in the second half of the year, the machining business continued at a higher level for longer as the group looked to replenish finished inventory levels that had been depleted since the start of the year.

We have invested £5.3 million during the year, which included £1.8 million on sustainability initiatives relating to a second more power efficient cooling plant and solar panels and £3.2 million has been invested in replacement, more efficient, machining capacity.

Business review and performance

Revenue
Group revenues increased by 11.7% to £224.4 million compared to £201.0 million reported in 2023, of which 85% was exported (2023 – 83%).

The revenue from the foundry operations to external customers increased by 11.8% to £222.5 million (2023 – £199.0 million) with the dispatch weight of castings to third-party customers decreasing by 5.0% to 50,450 tonnes (2023 – 53,100 tonnes).

Revenue from the machining operation to external customers decreased by 7.2% during the year to £1.9 million (2023 – £2.0 million).

Operating profit and segmental result
The group operating profit for the year was £19.8 million compared to £16.4 million reported in 2023, which represents a return on sales of 8.8% (2023 – 8.1%).

Finance income
The level of finance income increased to £1.53 million compared to £0.34 million in 2023, reflecting the higher interest rates available on deposits during the financial year.

Profit before tax
Profit before tax has increased to £21.3 million from £16.7 million in the prior year.

Taxation
The tax charge of £4.57 million (2023 – £2.92 million) is made up of a current tax charge of £4.25 million (2023 – £2.41 million) and a deferred tax charge of £0.31 million (2023 – £0.51 million).

The effective rate of tax of 21.4% (2023 – 17.5%) is lower than the main rate of corporation tax of 25% (2023 - 19%). The primary reason for this is a credit to the deferred tax estimate relating to the prior year of £0.70 million.

Earnings per share
Basic earnings per share increased 21.4% to 38.45 pence (2023 – 31.66 pence), reflecting the 27.4% increase in profit before tax which was partially offset by a higher effective tax rate compared to the previous year.

Options over 37,620 shares were granted during the year (2023 – options over 42,468 shares). The company purchased 100,000 shares during the year (2023 – 47,900). As a result, the weighted average number of shares has decreased to 43,488,441 resulting in a diluted earnings per share of 38.32 pence per share (2023 – 31.58 pence per share).

Dividends
The directors are recommending a final dividend of 14.19 pence per share (2023 – 13.51 pence per share) to be paid on 23 August 2024 to shareholders on the register on 19 July 2024. This would give a total ordinary distribution for the year of 18.32 pence per share (2023 – 17.35 pence per share).

In addition, a supplementary dividend of 7.00 pence per share has been declared which will be payable on 24 July 2024 to shareholders on the register on 21 June 2024.

Cash flow
The group generated cash from operating activities of £21.6 million compared to £22.4 million in 2023. When compared to 2023, the variance is mainly due to the significant increase in operating profit of £3.4 million offset by a higher working capital outflow of £4.4 million when compared to the outflow in 2023.

In the year to 31 March 2024, the most significant increase to working capital relates to an increase in inventory levels of £7.0 million compared to the start of the year. The weight of finished stock is now back to an appropriate level having been depleted in the prior year. The decrease in receivables and payables reflects the slowing of demand at the end of the year.

Corporation tax payments, net of overpayments from prior years, during the year totalled £2.6 million compared to £2.9 million in 2023.

Capital expenditure during the year amounted to £9.6 million (2023 – £6.2 million), as set out previously, and the charge for depreciation was £8.9 million (2023 – £8.6 million).

Financial assets relating to listed investments were disposed of during the year for £0.4 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 £2.1 million (2023 – £2.1 million) were received from the schemes and advances were paid on behalf of the schemes of £2.1 million (2023 – £2.1 million). These advances will be repaid to the company during the current financial year.

Dividends paid to shareholders were £14.2 million in the year (2023 – £13.7 million) which includes £6.5 million in relation to a supplementary dividend in respect of the year ended 31 March 2023.

The company purchased 100,000 (2023 – 47,900) shares to be held in treasury at a total cost of £0.40 million (2023 – £0.15 million).

The net cash and cash equivalents movement for the year was a decrease of £3.0 million (2023 – decrease of £0.18 million).

At 31 March 2024, the total cash and deposits position was £32.5 million (2023 – £35.6 million).

Pensions
The pension valuation showed an increase in the surplus, on an IAS 19 (Revised) basis, to £10.9 million compared to £10.4 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. This liability has decreased during the year as a result of the change in valuation assumptions.

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 2024 were £134.0 million (2023 – £131.7million). Other than the total comprehensive income for the year of £16.8 million (2023 – £13.9 million), the only movements relate to the dividend payment of £14.2 million (2023 – £13.7 million), shares purchased in the year for £0.40 million (2023 – £0.15 million) and share-based payment charge of £0.1 million (2023 – £0.1 million).

Non-current assets have increased to £61.8 million (2023 – £60.7 million) as a result of investment in property, plant and equipment during the year being at a level greater than the depreciation charge.

Current assets have decreased to £112.3 million (2023 – £113.7 million) with the inventory increase being offset by a reduction in receivables and cash levels.

Total liabilities have decreased to £40.1 million (2023 – £42.8 million), largely as a result of a decrease in trade payables.

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2024

	2024 **£000**	2023 £000
Revenue	**224,414**	200,990
Cost of sales	**(181,124)**	(162,077)
Gross profit	**43,290**	38,913
Distribution costs	**(4,694)**	(5,440)
Administrative expenses	**(18,837)**	(17,104)
Profit from operations	**19,759**	16,369
Finance income	**1,527**	344
Profit before income tax	**21,286**	16,713
Income tax expense	**(4,565)**	(2,923)
Profit for the year attributable to equity holders of the parent company	**16,721**	13,790
Profit for the year attributable to equity holders of the parent company	**16,721**	13,790
Other comprehensive income for the year:		
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	**112**	117
	112	117
Items that may be reclassified subsequently to profit and loss:		
Change in fair value of financial assets	**—**	(40)
Tax effect of items that may be reclassified	**—**	10
	—	(30)
Other comprehensive income for the year (net of tax)	**112**	87
Total comprehensive income for the year attributable to the equity holders of the parent company	**16,833**	13,877
Earnings per share attributable to the equity holders of the parent company		
Basic	**38.45p**	31.66p
Diluted	**38.32p**	31.58p

Consolidated Balance Sheet
as at 31 March 2024

	2024	2023
	£000	£000
ASSETS		
Non-current assets		
Property, plant and equipment	**61,799**	60,353
Financial assets	**—**	356
	61,799	60,709
Current assets		
Inventories	**33,136**	26,095
Trade and other receivables	**46,593**	51,080
Current tax asset	**—**	980
Cash and cash equivalents	**32,527**	35,566
	112,256	113,721
Total assets	**174,055**	174,430
LIABILITIES		
Current liabilities		
Trade and other payables	**33,329**	37,051
Current tax liabilities	**706**	—
	34,035	37,051
Non-current liabilities		
Deferred tax liabilities	**6,030**	5,719
Total liabilities	**40,065**	42,770
Net assets	**133,990**	131,660
Equity attributable to equity holders of the parent company		
Share capital	**4,363**	4,363
Share premium account	**874**	874
Treasury shares	**(627)**	(231)
Other reserve	**13**	13
Retained earnings	**129,367**	126,641
Total equity	**133,990**	131,660

Consolidated Cash Flow Statement

for the year ended 31 March 2024

	2024 £000	2023 £000
Cash flows from operating activities		
Profit before income tax	**21,286**	16,713
Adjustments for:		
Depreciation	**8,851**	8,646
Loss on disposal of property, plant and equipment	**25**	—
Finance income	**(1,527)**	(344)
Equity-settled share-based payment expense	**102**	119
Pension administrative costs	**112**	117
Operating cash flow before changes in working capital	**28,849**	25,251
Increase in inventories	**(7,041)**	(206)
Decrease/(increase) in receivables	**4,486**	(11,200)
(Decrease)/increase in payables	**(4,651)**	8,574
Cash generated from operating activities	**21,643**	22,419
Tax paid	**(2,568)**	(2,904)
Interest received	**1,474**	327
Net cash generated from operating activities	**20,549**	19,842
Cash flows from investing activities		
Dividends received from listed investments	**12**	17
Purchase of property, plant and equipment	**(9,584)**	(6,198)
Proceeds from disposal of property, plant and equipment	**191**	—
Proceeds from sale of financial assets	**397**	—
Repayments from pension schemes	**2,120**	2,114
Advances on behalf of the pension schemes	**(2,119)**	(2,120)
Net cash used in investing activities	**(8,983)**	(6,187)
Cash flows from financing activities		
Dividends paid to shareholders	**(14,209)**	(13,682)
Purchase of own shares	**(396)**	(152)
Net cash used in financing activities	**(14,605)**	(13,834)
Decrease in cash and cash equivalents	**(3,039)**	(179)
Cash and cash equivalents at beginning of year	**35,566**	35,745
Cash and cash equivalents at end of year	**32,527**	35,566
Cash and cash equivalents:		
Short-term deposits	**13,230**	19,993
Cash available on demand	**19,297**	15,573
	32,527	35,566

Consolidated Statement of Changes in Equity
for the year ended 31 March 2024

	Share capital[a] £000	Share premium[b] £000	Treasury shares[c] £000	Other reserve[d] £000	Retained earnings[e] £000	Total equity £000
	Equity attributable to equity holders of the parent					
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**
Tax effect of items taken directly to reserves	**—**	**—**	**—**	**—**	**—**	**—**
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**

	Share capital[a] £000	Share premium[b] £000	Treasury shares[c] £000	Other reserve[d] £000	Retained earnings[e] £000	Total equity £000
	Equity attributable to equity holders of the parent					
At 1 April 2022	4,363	874	(79)	13	126,327	131,498
Profit for the year	—	—	—	—	13,790	13,790
Other comprehensive income/(losses):						
Movement in unrecognised surplus on defined benefit pension schemes net of actuarial gains and losses	—	—	—	—	117	117
Change in fair value of financial assets	—	—	—	—	(40)	(40)
Tax effect of items taken directly to reserves	—	—	—	—	10	10
Total comprehensive income for the year	—	—	—	—	13,877	13,877
Shares acquired in the year	—	—	(152)	—	—	(152)
Equity-settled share-based payments	—	—	—	—	119	119
Dividends (see note 4)	—	—	—	—	(13,682)	(13,682)
At 31 March 2023	4,363	874	(231)	13	126,641	131,660

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.

Notes to the Consolidated Financial Statements

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 2024 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 three operating companies which are considered to be the operating segments of the group: Castings P.L.C. and William Lee Limited are aggregated into Foundry operations, due to the similar nature of the businesses, and CNC Speedwell Limited is the Machining operation.

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 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	**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)**

All non-current assets are based in the United Kingdom.

The following shows the revenues, results and total assets by reportable segment in the year to 31 March 2023:

	Foundry operations £000	Machining operations £000	Elimination £000	Total £000
Revenue from external customers	198,972	2,018	—	200,990
Inter-segmental revenue	24,739	25,640	(50,379)	—
Segmental result	16,332	169	(15)	16,486
Unallocated costs:				
Defined benefit pension cost				(117)
Finance income				344
Profit before income tax				16,713
Total assets	162,671	26,687	(14,928)	174,430
Non-current asset additions	4,826	1,372	—	6,198
Depreciation	5,235	3,411	—	8,646
Total liabilities	(45,668)	(6,759)	9,657	(42,770)

All non-current assets are based in the United Kingdom.

	2024 £000	2023 £000
The geographical analysis of revenues by destination for the year is as follows:		
United Kingdom	**34,296**	34,519
Sweden	**63,814**	55,107
Germany	**36,926**	32,292
Netherlands	**35,400**	31,763
Rest of Europe	**35,889**	31,810
North and South America	**16,927**	14,322
Other	**1,162**	1,177
	224,414	200,990

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

2 Income tax expense

	2024 £000	2023 £000
Corporation tax based on a rate of 25% (2023 – 19%)		
UK corporation tax		
Current tax on profits for the year	**4,425**	2,500
Adjustments to tax charge in respect of prior years	**(171)**	(87)
	4,254	2,413
Deferred tax		
Current year origination and reversal of temporary differences	**1,011**	935
Adjustment to deferred tax charge in respect of prior years	**(700)**	(425)
	311	510
Taxation on profit	**4,565**	2,923
Profit before income tax	**21,286**	16,713
Tax on profit at the standard rate of corporation tax in the UK of 25% (2023 – 19%)	**5,322**	3,175
Effect of:		
Expenses not deductible for tax purposes	**86**	238
Adjustment to tax charge in respect of prior years	**(171)**	(87)
Adjustment to deferred tax charge in respect of prior years	**(700)**	(425)
Pension adjustments	**28**	22
Total tax charge for the year	**4,565**	2,923
Effective rate of tax (%)	**21.4**	17.5

The UK tax rate was increased from 19% to 25% from 1 April 2023 as per the Finance Act 2021 and consequently, the deferred tax balances have been measured using these revised rates.

4 Dividends

	2024 £000	2023 £000
Final paid of 13.51p per share for the year ended 31 March 2023 (2022 – 12.57p)	**5,881**	5,475
Interim paid of 4.13p per share (2023 – 3.84p)	**1,794**	1,673
Supplementary dividend of 15.00p per share for the year ended 31 March 2023 (2022 – 15.00p)	**6,534**	6,534
	14,209	13,682

The directors are proposing a final dividend of 14.19 pence (2023 – 13.51 pence) per share totalling £6,166,700 (2023 – £5,884,695). In addition, the directors have declared a supplementary dividend of 7.00 pence per share, totalling £3,042,065. These dividends have 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:

	2024	2023
Profit after taxation (£000)	**16,721**	13,790
Weighted average number of shares – basic calculation	**43,488,441**	43,561,593
Earnings per share – basic calculation (pence per share)	**38.45p**	31.66p
Number of dilutive share options in issue	**147,529**	109,909
Weighted average number of shares – diluted calculation	**43,635,970**	43,671,502
Earnings per share – diluted calculation (pence per share)	**38.32p**	31.58p

6 Property, plant and equipment

	Freehold land and buildings £000	**Plant and equipment £000**	**Total £000**
Cost			
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	**41,501**	**166,031**	**207,532**
Accumulated depreciation			
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	**14,689**	**131,044**	**145,733**
Net book values			
At 31 March 2024	**26,812**	**34,987**	**61,799**
At 31 March 2023	27,237	33,116	60,353

Cost			
At 1 April 2022	40,110	155,596	195,706
Additions during the year	437	5,761	6,198
Disposals	—	(961)	(961)
Other	410	—	410
At 31 March 2023	40,957	160,396	201,353
Accumulated depreciation			
At 1 April 2022	12,295	120,610	132,905
Charge for year	1,015	7,631	8,646
Disposals	—	(961)	(961)
Other	410	—	410
At 31 March 2023	13,720	127,280	141,000
Net book values			
At 31 March 2023	27,237	33,116	60,353
At 31 March 2022	27,815	34,986	62,801

The net book value of land and buildings includes £2,169,000 (2023 – £2,169,000) for land which is not depreciated.

Included within plant and equipment are assets in the course of construction with a net book value of £890,000 (2023 – £385,000) which are not depreciated.

7 Commitments and contingencies

	2024 £000	2023 £000
Capital commitments contracted for by the group but not provided for in the financial statements	**16,151**	1,799

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 2024, the directors do not consider any significant liability will arise in respect of any such claims (2023 – £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 £10,863,000 (2023 - £10,413,000). 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 2024 or 2023 but is derived from those financial statements. Statutory financial statements for 2023 have been delivered to the Registrar of Companies and those for 2024 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 21 June 2024 and will be available on the company's website, www.castings.plc.uk, from 24 June 2024.

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 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 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
Markets and competition		
The group's revenues are dominated by the commercial vehicle sector which is a cyclical market exposed to macroeconomic trends. Ongoing global conflicts, high levels of inflation and elevated interest rates have all been prevalent during the year, impacting both the underlying demand for heavy goods vehicles and the affordability of vehicles to fleet operators. High level of competition could lead to deflation in prices. Global sourcing models could also result in resourcing of work to low cost economies.	**Stable** 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 inflation, interest rate changes or changing regulatory positions. Erosion of market share could result in loss of revenue and profit.	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. Demand is closely reviewed by senior management on a constant basis. Whilst there can be no guarantee that business will not be lost on price, we are confident that we can remain competitive. The group continues to mitigate this risk through investment in productivity, with a strong focus on cost and customer value.
Customer concentration and relationships		
The group has relationships with key customers in the commercial vehicle market which form the majority of the customer base.	**Stable** 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.
Technological change		
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. 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. 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.	**Stable** 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. 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 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.
Product quality and liability		

The group's businesses expose it to certain product liability risks which, in the event of failure, could give rise to material financial liabilities.	**Stable** 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.
Foreign exchange		
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.	**Stable** 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.
Equipment		
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.	**Stable** 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 introduction of a gradual machine replacement programme at CNC Speedwell.
Suppliers		
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. There are specifically high risks of supply disruption as a result of current geopolitical instability.	**Stable** 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.
Commodity and energy pricing		
The group is exposed to the risk of price inflation on raw materials and energy contracts. 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,	**Decreased** 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.	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.

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.	Power and raw material markets have been volatile because of the current conflict in Ukraine. The impact upon pricing has reduced during the year and whilst tensions remain in the Middle East, prices have become more stable than we have seen for the past two years.	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.
Information technology and systems reliability		
The group is dependent on its information technology ('IT') systems to operate its business efficiently, without failure or interruption. The group continues to invest in IT systems to aid in the operational performance of the group and its reporting capabilities. There are increasing global threats faced by these systems as a result of sophisticated cyberattacks.	**Stable** Significant failures to the IT systems of the group as a result of external factors could result in operational disruption and a negative impact on customer delivery and reporting capabilities.	Whilst data within key systems is regularly backed up and systems subject to virus protection, any failure of backup systems or other major IT interruption could have a disruptive effect on the group's business. IT projects are reviewed and approved at board level and the group continues to invest in IT security to improve our resilience and response towards such threats. The group engages with external specialists to regularly assess the security of the IT network and systems.
Regulatory and legislative compliance		
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.	**Stable** 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.
Climate change		
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 groups 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 which can support	**Stable** 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

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.		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.
People risk		
The group’s operations depend upon the availability of both skilled and unskilled labour to operate manual equipment and fulfil our strategic goals. The inability to attract and retain talent could result in either a shortage of staff or a reduction in operating margins.	**Stable** The labour market has been extremely competitive during the year.	The group looks to provide safe, stable and long-term employment at competitive rates of pay. We invest in people development and utilise technology and productivity gains to ensure that our products remain competitively priced.