

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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended December 28, 2024

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____
Commission File Number 001-32833

TransDigm Group Incorporated

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

41-2101738

(I.R.S. Employer Identification No.)

1350 Euclid Avenue, Suite 1600, Cleveland, Ohio

(Address of principal executive offices)

44115

(Zip Code)

(216) 706-2960

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, non-accelerated filer, smaller reporting company or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging Growth Company	<input type="checkbox"/>		

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

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

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

Title of each class:	Trading Symbol:	Name of each exchange on which registered:
Common Stock, \$0.01 par value	TDG	New York Stock Exchange

The number of shares outstanding of TransDigm Group Incorporated's common stock, par value \$.01 per share, was 56,084,587 as of January 31, 2025.

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PART I: FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in millions, except share amounts)

(Unaudited)

	December 28, 2024	September 30, 2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,459	\$ 6,261
Trade accounts receivable—Net	1,285	1,381
Inventories—Net	1,930	1,876
Prepaid expenses and other	482	511
Total current assets	6,156	10,029
PROPERTY, PLANT AND EQUIPMENT—NET	1,477	1,488
GOODWILL	10,304	10,419
OTHER INTANGIBLE ASSETS—NET	3,360	3,446
OTHER NON-CURRENT ASSETS	218	204
TOTAL ASSETS	\$ 21,515	\$ 25,586
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 98	\$ 98
Short-term borrowings—trade receivable securitization facility	649	486
Accounts payable	315	323
Dividends payable	—	4,216
Accrued and other current liabilities	1,222	1,216
Total current liabilities	2,284	6,339
LONG-TERM DEBT	24,302	24,296
DEFERRED INCOME TAXES	762	766
OTHER NON-CURRENT LIABILITIES	418	468
Total liabilities	27,766	31,869
TD GROUP STOCKHOLDERS' DEFICIT:		
Common stock - \$.01 par value; authorized 224,400,000 shares; issued 62,022,913 and 61,904,833 at December 28, 2024 and September 30, 2024, respectively	1	1
Additional paid-in capital	2,887	2,819
Accumulated deficit	(6,877)	(7,362)
Accumulated other comprehensive loss	(247)	(42)
Treasury stock, at cost; 5,941,439 and 5,688,639 shares at December 28, 2024 and September 30, 2024, respectively	(2,022)	(1,706)
Total TD Group stockholders' deficit	(6,258)	(6,290)
NONCONTROLLING INTERESTS	7	7
Total stockholders' deficit	(6,251)	(6,283)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 21,515	\$ 25,586

See notes to condensed consolidated financial statements

TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in millions, except per share amounts)
(Unaudited)

	Thirteen Week Periods Ended	
	December 28, 2024	December 30, 2023
NET SALES	\$ 2,006	\$ 1,789
COST OF SALES	771	747
GROSS PROFIT	1,235	1,042
SELLING AND ADMINISTRATIVE EXPENSES	211	220
AMORTIZATION OF INTANGIBLE ASSETS	50	35
INCOME FROM OPERATIONS	974	787
INTEREST EXPENSE—NET	378	300
OTHER INCOME	(23)	(1)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	619	488
INCOME TAX PROVISION	126	106
NET INCOME	493	382
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	—
NET INCOME ATTRIBUTABLE TO TD GROUP	\$ 493	\$ 382
NET INCOME APPLICABLE TO TD GROUP COMMON STOCKHOLDERS	\$ 444	\$ 281
Earnings per share attributable to TD Group common stockholders:		
Earnings per share	\$ 7.62	\$ 4.87
Cash dividends declared per common share	\$ —	\$ 35.00
Weighted-average shares outstanding:		
Basic and diluted	58.3	57.7

See notes to condensed consolidated financial statements

TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in millions)
(Unaudited)

	Thirteen Week Periods Ended	
	December 28, 2024	December 30, 2023
Net income	\$ 493	\$ 382
Less: Net income attributable to noncontrolling interests	—	—
Net income attributable to TD Group	\$ 493	\$ 382
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustment	(227)	91
Unrealized gains (losses) on derivatives	22	(53)
Pension and post-retirement benefit plans adjustment	—	—
Other comprehensive (loss) income, net of tax, attributable to TD Group	(205)	38
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO TD GROUP	\$ 288	\$ 420

See notes to condensed consolidated financial statements

TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(Amounts in millions, except share amounts)
(Unaudited)

	TD Group Stockholders								
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock		Noncontrolling Interests	Total
	Number of Shares	Par Value				Number of Shares	Value		
BALANCE—September 30, 2023	60,995,513	\$ 1	\$ 2,440	\$ (2,621)	\$ (98)	(5,688,639)	\$ (1,706)	\$ 6	\$ (1,978)
Changes in noncontrolling interest of consolidated subsidiaries, net	—	—	—	—	—	—	—	1	1
Special dividends (\$35.00 per share) and vested dividend equivalents	—	—	—	(2,020)	—	—	—	—	(2,020)
Accrued unvested dividend equivalents and other	—	—	—	(7)	—	—	—	—	(7)
Compensation expense recognized for employee stock options	—	—	26	—	—	—	—	—	26
Stock-based compensation activity	216,150	—	52	—	—	—	—	—	52
Net income attributable to TD Group	—	—	—	382	—	—	—	—	382
Foreign currency translation adjustment, net of tax	—	—	—	—	91	—	—	—	91
Unrealized loss on derivatives, net of tax	—	—	—	—	(53)	—	—	—	(53)
Pension and postretirement benefit plans adjustment, net of tax	—	—	—	—	—	—	—	—	—
BALANCE—December 30, 2023	61,211,663	\$ 1	\$ 2,518	\$ (4,266)	\$ (60)	(5,688,639)	\$ (1,706)	\$ 7	\$ (3,506)

	TD Group Stockholders								
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock		Noncontrolling Interests	Total
	Number of Shares	Par Value				Number of Shares	Value		
BALANCE—September 30, 2024	61,904,833	\$ 1	\$ 2,819	\$ (7,362)	\$ (42)	(5,688,639)	\$ (1,706)	\$ 7	\$ (6,283)
Accrued unvested dividend equivalents and other	—	—	—	(8)	—	—	—	—	(8)
Compensation expense recognized for employee stock options	—	—	33	—	—	—	—	—	33
Stock-based compensation activity	118,080	—	35	—	—	—	—	—	35
Stock repurchases under repurchase program	—	—	—	—	—	(252,800)	(316)	—	(316)
Net income attributable to TD Group	—	—	—	493	—	—	—	—	493
Foreign currency translation adjustment, net of tax	—	—	—	—	(227)	—	—	—	(227)
Unrealized gain on derivatives, net of tax	—	—	—	—	22	—	—	—	22
Pension and postretirement benefit plans adjustment, net of tax	—	—	—	—	—	—	—	—	—
BALANCE—December 28, 2024	62,022,913	\$ 1	\$ 2,887	\$ (6,877)	\$ (247)	(5,941,439)	\$ (2,022)	\$ 7	\$ (6,251)

See notes to condensed consolidated financial statements

TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in millions)
(Unaudited)

	Thirteen Week Periods Ended	
	December 28, 2024	December 30, 2023
OPERATING ACTIVITIES:		
Net income	\$ 493	\$ 382
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	40	36
Amortization of intangible assets and product certification costs	50	35
Amortization of debt issuance costs, original issue discount and premium	9	11
Amortization of inventory step-up	7	1
Amortization of loss contract reserves	(19)	(5)
Gain on sale of businesses, net	(19)	—
Non-cash stock and deferred compensation expense	25	51
Deferred income taxes	(2)	—
Foreign currency exchange (gains) losses	(20)	14
Changes in assets/liabilities, net of effects from acquisitions and sales of businesses:		
Trade accounts receivable	80	94
Inventories	(79)	(78)
Income taxes payable	91	94
Other assets	(2)	3
Accounts payable	(3)	(21)
Accrued interest	201	82
Accrued and other liabilities	(100)	(63)
Net cash provided by operating activities	<u>752</u>	<u>636</u>
INVESTING ACTIVITIES:		
Capital expenditures	(42)	(36)
Acquisition of businesses, net of cash acquired	(29)	(14)
Other investing transactions	47	—
Net cash used in investing activities	<u>(24)</u>	<u>(50)</u>
FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	35	52
Dividends and dividend equivalent payments	(4,396)	(2,038)
Repurchases of common stock	(316)	—
Proceeds from issuance of senior secured notes, net	—	983
Proceeds from term loans, net	—	988
Proceeds from trade receivable securitization facility, net	163	100
Repayment on term loans	—	(16)
Financing costs and other, net	(2)	(2)
Net cash (used in) provided by financing activities	<u>(4,516)</u>	<u>67</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(14)	10
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,802)	663
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	6,261	3,472
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,459</u>	<u>\$ 4,135</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest, net	\$ 162	\$ 205
Cash paid during the period for income taxes, net of refunds	\$ 37	\$ 11

See notes to condensed consolidated financial statements

TRANSDIGM GROUP INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THIRTEEN WEEK PERIODS ENDED DECEMBER 28, 2024 AND DECEMBER 30, 2023
(UNAUDITED)

1. BASIS OF PRESENTATION

As used in this Quarterly Report on Form 10-Q, unless the context otherwise indicates, the terms “the Company,” “TD Group,” “TransDigm,” “we,” “us,” “our,” and similar references refer to TransDigm Group Incorporated and its subsidiaries.

Principles of Consolidation

The financial information included herein is unaudited; however, the information reflects all adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the Company’s condensed consolidated financial statements for the interim periods presented. These financial statements and notes should be read in conjunction with the financial statements and related notes for the fiscal year ended September 30, 2024 included in TD Group’s Annual Report on Form 10-K filed on November 7, 2024. As disclosed therein, the Company’s annual consolidated financial statements were prepared in conformity with generally accepted accounting principles in the United States (“U.S. GAAP”). The September 30, 2024 condensed consolidated balance sheet was derived from TD Group’s audited financial statements. The results of operations for the thirteen week period ended December 28, 2024 are not necessarily indicative of the results to be expected for the full year.

Reclassifications

Certain reclassifications have been made to the prior year amounts to conform to the current year presentation, none of which are material.

New Accounting Pronouncements Issued

In November 2023, the FASB issued ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.” ASU 2023-07 expands disclosures about a public business entity’s reportable segments and provides for more detailed information about a reportable segment’s expenses. Additionally, ASU 2023-07 requires all segment profit or loss and assets disclosures to be provided on an annual and interim basis. This standard is effective for annual periods beginning after December 15, 2023 (fiscal 2025) and interim periods within fiscal years beginning one year later (fiscal 2026). The Company plans to adopt this standard beginning with our fiscal 2025 Form 10-K. While we expect the adoption of this standard will expand our disclosures within the “Segments” note, we do not expect it to have any impact on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” which requires a public business entity to disclose specific categories in its annual effective tax rate reconciliation and disaggregated information about significant reconciling items by jurisdiction and by nature. The ASU also requires entities to disclose their income tax payments (net of refunds) to international, federal, and state and local jurisdictions. The standard makes several other changes to income tax disclosure requirements. This standard is effective for annual periods beginning after December 15, 2024 (fiscal 2026), and requires prospective application with the option to apply it retrospectively. Early adoption is permitted. The Company is currently evaluating this standard to determine its impact on our disclosures.

In November 2024, the FASB issued ASU 2024-03, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): *Disaggregation of Income Statement Expenses*.” ASU 2024-03 requires, among other items, additional disaggregated disclosures in the notes to financial statements for certain categories of expenses that are included on the face of the statement of income. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 (fiscal 2028), and for interim periods within fiscal years beginning after December 15, 2027 (fiscal 2029), with early adoption permitted. The Company is currently evaluating this standard to determine its impact on our disclosures.

2. ACQUISITIONS

Raptor Scientific – On July 31, 2024, the Company acquired all the outstanding stock of Raptor Scientific for approximately \$646 million, which includes a working capital settlement of \$1 million received in the first quarter of fiscal 2025. The acquisition was financed through existing cash on hand. Raptor Scientific is a leading global manufacturer of complex test and measurement solutions primarily serving the aerospace and defense end markets. Its products are highly engineered, proprietary components with significant aftermarket content and a strong presence across major aerospace and defense platforms. The operating results of Raptor Scientific are included within TransDigm's Airframe segment.

As of December 28, 2024, the measurement period (not to exceed one year) is open; therefore, the assets acquired and liabilities assumed related to the acquisition of Raptor Scientific are subject to adjustment until the end of the respective measurement period, including those related to deferred taxes and income taxes.

The Company accounted for the acquisition of Raptor Scientific using the acquisition method of accounting and a third-party valuation appraisal and included the results of operations of the acquisition in its condensed consolidated financial statements from the effective date of the acquisition. The total purchase price was allocated to identifiable assets and liabilities based upon the respective fair value at the date of acquisition. The fair values of acquired intangibles are determined based on an income approach, using estimates and assumptions that are deemed reasonable by the Company. Certain assumptions include the discount rates and other assumptions that form the basis of the forecasted results of the acquired business including revenue, earnings before interest, taxes, depreciation and amortization ("EBITDA"), growth rates, royalty rates and technology obsolescence rates. These assumptions are forward looking and could be affected by future economic and market conditions. Pro forma net sales and results of operations for the acquisition, had it occurred at the beginning of the thirteen week period ended December 30, 2023 are not material and, accordingly, are not provided.

The allocation of the estimated fair value of assets acquired and liabilities assumed in the acquisition of Raptor Scientific as of the July 31, 2024 acquisition date, as well as measurement period adjustments recorded within the permissible one year measurement period, is summarized in the table below (in millions):

	Preliminary Allocation	Measurement Period Adjustments ⁽²⁾	Adjusted Preliminary Allocation
Assets acquired (excluding cash):			
Trade accounts receivable	\$ 9	\$ —	\$ 9
Inventories	22	—	22
Prepaid expenses and other	4	—	4
Property, plant and equipment	2	—	2
Goodwill	426	(5)	421 ⁽¹⁾
Other intangible assets	197	4	201 ⁽¹⁾
Other non-current assets	5	—	5
Total assets acquired (excluding cash)	665	(1)	664
Liabilities assumed:			
Accounts payable	1	—	1
Accrued and other current liabilities	13	—	13
Other non-current liabilities	4	—	4
Total liabilities assumed	18	—	18
Net assets acquired	\$ 647	\$ (1)	\$ 646

⁽¹⁾ Of the approximately \$421 million of goodwill recognized for the acquisition, the Company expects that approximately \$406 million of goodwill will be deductible for tax purposes. Of the approximately \$201 million of other intangible assets recognized for the acquisition, the Company expects that approximately \$191 million will be deductible for tax purposes. The goodwill and intangible assets are expected to be deductible over 15 years.

⁽²⁾ Measurement period adjustments primarily related to the adjustments in the fair values of the acquired other intangible assets from the third-party valuation. The offset to the measurement period adjustments was to goodwill.

CPI's Electron Device Business – On June 6, 2024, the Company acquired all the outstanding stock of the Electron Device Business of Communications & Power Industries (“CPI's Electron Device Business”) for approximately \$1,386 million in cash, which includes a \$1 million working capital settlement paid in the first quarter of fiscal 2025. The acquisition was financed through existing cash on hand. CPI's Electron Device Business is a leading global manufacturer of electronic components and subsystems primarily serving the aerospace and defense market. Its products are highly engineered, proprietary components with significant aftermarket content and a strong presence across major aerospace and defense platforms. The operating results of CPI's Electron Device Business are included within TransDigm's Power & Control segment.

As of December 28, 2024, the measurement period (not to exceed one year) is open; therefore, the assets acquired and liabilities assumed related to the acquisition of CPI's Electron Device Business are subject to adjustment until the end of the respective measurement period, including those related to deferred taxes and income taxes.

The Company accounted for the acquisition of CPI's Electron Device Business using the acquisition method of accounting and a third-party valuation appraisal and included the results of operations of the acquisition in its condensed consolidated financial statements from the effective date of the acquisition. The total purchase price was allocated to identifiable assets and liabilities based upon the respective fair value at the date of acquisition. The Company utilized both the cost and market approaches to value property, plant and equipment, which consider external transactions and other comparable transactions, estimated replacement and reproduction costs, and estimated useful lives and consideration for physical, functional and economic obsolescence. The fair values of acquired intangibles are determined based on an income approach, using estimates and assumptions that are deemed reasonable by the Company. Certain assumptions include the discount rates and other assumptions that form the basis of the forecasted results of the acquired business including revenue, earnings before interest, taxes, depreciation and amortization (“EBITDA”), growth rates, royalty rates and technology obsolescence rates. These assumptions are forward looking and could be affected by future economic and market conditions.

Pro forma net sales and results of operations for the acquisition, had it occurred at the beginning of the thirteen week period ended December 30, 2023 are not material and, accordingly, are not provided.

The allocation of the estimated fair value of assets acquired and liabilities assumed in the acquisition of CPI's Electron Device Business as of the June 6, 2024 acquisition date, as well as measurement period adjustments recorded within the permissible one year measurement period, is summarized in the table below (in millions):

	Preliminary Allocation	Measurement Period Adjustments ⁽²⁾	Adjusted Preliminary Allocation
Assets acquired (excluding cash):			
Trade accounts receivable	\$ 40	\$ —	\$ 40
Inventories	81	(1)	80
Prepaid expenses and other	64	—	64
Property, plant and equipment	137	32	169
Goodwill	844	(96)	748 ⁽¹⁾
Other intangible assets	368	141	509 ⁽¹⁾
Other non-current assets	15	(14)	1
Total assets acquired (excluding cash)	1,549	62	1,611
Liabilities assumed:			
Accounts payable	18	(1)	17
Accrued and other current liabilities	45	17	62
Deferred income taxes	89	55	144
Other non-current liabilities	12	(10)	2
Total liabilities assumed	164	61	225
Net assets acquired	\$ 1,385	\$ 1	\$ 1,386

⁽¹⁾ None of the approximately \$748 million of goodwill and \$509 million of other intangible assets recognized for the acquisition is expected to be deductible for tax purposes.

⁽²⁾ Measurement period adjustments primarily related to the adjustments in the fair values of the acquired property, plant and equipment and other intangible assets from the third-party valuation and related impact on deferred income taxes. The offset to the measurement period adjustments was to goodwill.

SEI Industries LTD – On May 21, 2024, the Company acquired all the outstanding stock of SEI Industries LTD (“SEI”) for approximately \$171 million in cash, which included a working capital settlement of \$1 million paid in the first quarter of fiscal 2025. The acquisition was financed through existing cash on hand. SEI, located in Delta, British Columbia, Canada, is a leading provider of highly engineered products for aerial firefighting and other liquid transportation solutions, such as remote refueling, for both the commercial and defense aerospace end markets. The products are primarily proprietary with significant aftermarket content. SEI’s operating results are presented within TransDigm’s Airframe segment.

As of December 28, 2024, the measurement period (not to exceed one year) is open; therefore, the assets acquired and liabilities assumed related to the acquisition of SEI are subject to adjustment until the end of the respective measurement period.

The Company accounted for the SEI acquisition using the acquisition method of accounting and a third-party valuation appraisal and included the results of operations of the acquisition in its condensed consolidated financial statements from the effective date of the acquisition. The total purchase price was allocated to identifiable assets and liabilities based upon the respective fair value at the date of acquisition. The fair values of acquired intangibles are determined based on an income approach, using estimates and assumptions that are deemed reasonable by the Company. Certain assumptions include the discount rates and other assumptions that form the basis of the forecasted results of the acquired business including revenue, EBITDA, growth rates, royalty rates and technology obsolescence rates. These assumptions are forward looking and could be affected by future economic and market conditions.

Pro forma net sales and results of operations for the acquisition, had it occurred at the beginning of the thirteen week period ended December 30, 2023 are not material and, accordingly, are not provided.

The allocation of the estimated fair value of assets acquired and liabilities assumed in the SEI acquisition as of the May 21, 2024 acquisition date, as well as measurement period adjustments recorded within the permissible one year measurement period, is summarized in the table below (in millions):

	Preliminary Allocation	Measurement Period Adjustments ⁽²⁾	Adjusted Preliminary Allocation
Assets acquired (excluding cash):			
Trade accounts receivable	\$ 2	\$ 2	\$ 4
Inventories	11	—	11
Prepaid expenses and other	—	1	1
Property, plant and equipment	1	—	1
Goodwill	109	(6)	103 ⁽¹⁾
Other intangible assets	68	7	75 ⁽¹⁾
Total assets acquired (excluding cash)	191	4	195
Liabilities assumed:			
Accounts payable	1	1	2
Accrued and other current liabilities	1	—	1
Deferred income taxes	19	2	21
Total liabilities assumed	21	3	24
Net assets acquired	\$ 170	\$ 1	\$ 171

⁽¹⁾ None of the approximately \$103 million of goodwill and \$75 million of other intangible assets recognized for the acquisition is expected to be deductible for tax purposes.

⁽²⁾ Measurement period adjustments primarily related to the adjustments in the fair values of the acquired other intangible assets from the third-party valuation. The offset to the measurement period adjustments was to goodwill.

FPT Industries LLC – On March 1, 2024, the Company acquired all the outstanding stock of FPT Industries LLC (“FPT”) for approximately \$57 million in cash. The acquisition was financed through existing cash on hand. FPT, which has facilities in the United Kingdom and Alabama, designs and manufactures an extensive range of specialist fuel tanks and flotation systems for both the commercial and defense aerospace end markets. The products are primarily proprietary with significant aftermarket content. FPT’s operating results are presented within TransDigm’s Airframe segment.

The Company accounted for the FPT acquisition using the acquisition method of accounting and included the results of operations of the acquisition in its condensed consolidated financial statements from the effective date of the acquisition. As of December 28, 2024, the measurement period (not to exceed one year) is open; therefore, the assets acquired and liabilities assumed related to the acquisition of FPT are subject to adjustment until the end of the respective measurement period. The Company expects that \$9 million of the approximately \$34 million of goodwill recognized for the acquisition will be deductible for tax purposes over 15 years. The Company expects that none of the approximately \$19 million of other intangible assets recognized for the acquisition will be deductible for tax purposes.

Pro forma net sales and results of operations for the acquisition, had it occurred at the beginning of the thirteen week period ended December 30, 2023 are not material and, accordingly, are not provided.

The fiscal 2024 acquisitions of Raptor Scientific, CPI's Electron Device Business, SEI and FPT completed by the Company strengthen and expand the Company's position to design, produce and supply highly engineered proprietary aerospace components in niche markets with significant aftermarket content and provide opportunities to create value through the application of our three core value-driven operating strategy (obtaining profitable new business, continually improving our cost structure, and providing highly engineered value-added products to customers). The purchase prices paid reflect the current EBITDA As Defined and cash flows, as well as the future EBITDA As Defined and cash flows expected to be generated by the businesses, which are driven in most cases by the recurring aftermarket consumption over the life of a particular aircraft, estimated to be approximately 25 to 30 years.

Extant Aerospace Acquisitions – For the thirteen week period ended December 28, 2024, the Company's Extant Aerospace subsidiary, which is included within TransDigm's Power & Control segment, completed a series of acquisitions of substantially all of the assets and technical data rights of certain product lines, each meeting the definition of a business, for a total purchase price of \$29 million. The Company accounted for the acquisitions using the acquisition method of accounting and included the results of operations of the acquisitions in its condensed consolidated financial statements from the effective date of each acquisition. The allocation of the purchase price remains preliminary and will likely change, though not materially, in future periods up to the expiration of the respective one year measurement period as fair value estimates of the assets acquired and liabilities assumed are finalized. The Company expects that all of the approximately \$17 million of goodwill and \$10 million of other intangible assets recognized for the acquisitions will be deductible for tax purposes over 15 years.

For the fiscal year ended ended September 30, 2024, the Company's Extant Aerospace subsidiary completed a series of acquisitions of substantially all of the assets and technical data rights of certain product lines, each meeting the definition of a business, for a total purchase price of \$86 million. The allocation of the purchase price remains preliminary and will likely change, though not materially, in future periods up to the expiration of the respective one year measurement period as fair value estimates of the assets acquired and liabilities assumed are finalized. The Company expects that all of the approximately \$39 million of goodwill and \$22 million of other intangible assets recognized for the acquisitions will be deductible for tax purposes over 15 years.

Pro forma net sales and results of operations for the Extant Aerospace product line acquisitions, had they occurred at the beginning of the thirteen week periods ended December 28, 2024 or December 30, 2023 are not material and, accordingly, are not provided.

3. REVENUE RECOGNITION

TransDigm's sales are concentrated in the aerospace and defense industry. The Company's customers include: distributors of aerospace components, commercial airlines, large commercial transport and regional and business aircraft original equipment manufacturers ("OEMs"), various armed forces of the U.S. and friendly foreign governments, defense OEMs, system suppliers, and various other industrial customers.

The Company recognizes revenue from contracts with customers using the five step model prescribed in ASC 606. A substantial portion of the Company's revenue is recorded at a point in time basis. Revenue is recognized from the sale of products or services when obligations under the terms of the contract are satisfied and control of promised goods or services have transferred to the customer. Control is transferred when the customer has the ability to direct the use of and obtain benefits from the goods or services. Revenue is measured at the amount of consideration the Company expects to be paid in exchange for goods or services.

In a limited number of contracts, control transfers to the customer over time, primarily in contracts where the customer is required to pay for the cost of both the finished and unfinished goods at the time of cancellation plus a reasonable profit relative to the work performed for products that were customized for the customer. Therefore, we recognize revenue over time for those agreements that have a right to margin and where the products being produced have no alternative use.

Based on our production cycle, it is generally expected that goods related to the revenue will be shipped and billed within twelve months. For revenue recognized over time, we estimate the amount of revenue attributable to a contract earned at a given point during the production cycle based on certain costs, such as materials and labor incurred to date, plus the expected profit, which is a cost-to-cost input method.

We consider the contractual consideration payable by the customer and assess variable consideration that may affect the total transaction price. Variable consideration is included in the estimated transaction price when there is a basis to reasonably estimate the amount, including whether the estimate should be constrained in order to avoid a significant reversal of revenue in a future period. These estimates are based on historical experience, anticipated performance under the terms of the contract and our best judgment at the time.

When contracts are modified to account for changes in contract specifications and requirements, the Company considers whether the modification either creates new or changes the existing enforceable rights and obligations. Contract modifications that are for goods or services that are not distinct from the existing contract, due to the significant integration with the original good or service provided, are accounted for as if they were part of that existing contract. The effect of a contract modification to an existing contract on the transaction price and our measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue on a cumulative catch-up basis. When the modifications include additional performance obligations that are distinct and at relative stand-alone selling price, they are accounted for as a new contract and performance obligation, which are recognized prospectively.

The Company's payment terms vary by the type and location of the customer and the products or services offered. The Company does not offer any payment terms that would meet the requirements for consideration as a significant financing component.

Shipping and handling fees and costs incurred in connection with products sold are recorded in cost of sales in the condensed consolidated statements of income, and are not considered a performance obligation to our customers.

The Company pays sales commissions that relate to contracts for products or services that are satisfied at a point in time or over a period of one year or less and are expensed as incurred. These costs are reported as a component of selling and administrative expenses in the condensed consolidated statements of income.

We have elected to adopt the practical expedient to not disclose the aggregate amount of transaction price allocated to performance obligations that are unsatisfied as of the end of the reporting period for performance obligations that are part of a contract with an original expected duration of one year or less.

Contract Assets and Liabilities – Contract assets reflect revenue recognized and performance obligations satisfied in advance of customer billing or reimbursable costs related to a specific contract. Contract liabilities (Deferred revenue) relate to payments received in advance of the satisfaction of performance under the contract. We receive payments from customers based on the terms established in our contracts. The following table summarizes our contract assets and liabilities balances (in millions):

	December 28, 2024	September 30, 2024
Contract assets, current ⁽¹⁾	\$ 253	\$ 270
Contract assets, non-current ⁽²⁾	41	31
Total contract assets	294	301
Contract liabilities, current ⁽³⁾	163	168
Contract liabilities, non-current ⁽⁴⁾	7	9
Total contract liabilities	170	177
Net contract assets	\$ 124	\$ 124

(1) Included in prepaid expenses and other on the condensed consolidated balance sheets.

(2) Included in other non-current assets on the condensed consolidated balance sheets.

(3) Included in accrued and other current liabilities on the condensed consolidated balance sheets.

(4) Included in other non-current liabilities on the condensed consolidated balance sheets.

For the thirteen week period ended December 28, 2024, the revenue recognized that was included in the contract liabilities was approximately \$47 million.

Refer to Note 12, "Segments," for disclosures related to the disaggregation of revenue.

Allowance for Credit Losses – The Company's allowance for credit losses is the allowance for uncollectible accounts. The allowance for uncollectible accounts reduces the trade accounts receivable balance to the estimated net realizable value equal to the amount that is expected to be collected.

The Company's method for developing its allowance for credit losses is based on historical write-off experience, the aging of receivables, an assessment of the creditworthiness of customers, economic conditions and other external market information and supportable forward-looking information. The allowance also incorporates a provision for the estimated impact of disputes with customers. All provisions for allowances for uncollectible accounts are included in selling and administrative expenses. The determination of the amount of the allowance for uncollectible accounts is subject to judgment and estimation by management. If circumstances change or economic conditions deteriorate or improve, the allowance for uncollectible accounts could increase or decrease.

As of December 28, 2024 and September 30, 2024, the allowance for uncollectible accounts was \$35 million and \$32 million, respectively. The allowance for uncollectible accounts is assessed individually at each operating unit by the operating unit's management team.

4. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in millions, except per share data) using the two-class method:

	Thirteen Week Periods Ended	
	December 28, 2024	December 30, 2023
Numerator for earnings per share:		
Net income	\$ 493	\$ 382
Less: Net income attributable to noncontrolling interests	—	—
Net income attributable to TD Group	493	382
Less: Dividends paid on participating securities	(49)	(101)
Net income applicable to TD Group common stockholders—basic and diluted	\$ 444	\$ 281
Denominator for basic and diluted earnings per share under the two-class method:		
Weighted-average common shares outstanding	56.2	55.4
Vested options deemed participating securities	2.1	2.3
Total shares for basic and diluted earnings per share	58.3	57.7
Earnings per share—basic and diluted	\$ 7.62	\$ 4.87

5. STOCK REPURCHASE PROGRAM

Occasionally at management's discretion, the Company repurchases its common stock in the open market, depending on market conditions, stock price and other factors. On January 27, 2022, the Board of Directors of the Company (the "Board") authorized a new stock repurchase program to permit repurchases of its outstanding common stock not to exceed \$2,200 million in the aggregate (the "\$2,200 million stock repurchase program"), replacing the \$650 million stock repurchase program previously authorized by the Board on November 8, 2017, subject to any restrictions specified in the Second Amended and Restated Credit Agreement dated as of June 4, 2014 (the "Credit Agreement"), and indentures governing the Company's existing Notes. There is no expiration date for this program.

During the first quarter of fiscal 2025, the Company repurchased 252,800 shares of common stock at an average price of 1,248.65 per share for a total amount of \$316 million. The repurchased shares of common stock are classified as treasury stock in the statement of changes in stockholders' deficit. As of December 28, 2024, \$972 million remains available for repurchase under the \$2,200 million stock repurchase program.

6. INVENTORIES

Inventories are stated at the lower of cost or net realizable value. Cost of inventories is generally determined by the average cost and the first-in, first-out (“FIFO”) methods and includes material, labor and overhead related to the manufacturing process.

Inventories consist of the following (in millions):

	December 28, 2024	September 30, 2024
Raw materials and purchased component parts	\$ 1,387	\$ 1,314
Work-in-progress	500	508
Finished goods	282	290
Total	2,169	2,112
Reserves for excess and obsolete inventory	(239)	(236)
Inventories—Net	\$ 1,930	\$ 1,876

7. INTANGIBLE ASSETS

Other intangible assets—net in the condensed consolidated balance sheets consist of the following (in millions):

	December 28, 2024			September 30, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks and trade names	\$ 1,121	\$ —	\$ 1,121	\$ 1,165	\$ —	\$ 1,165
Technology	2,500	1,024	1,476	2,510	1,003	1,507
Order backlog	60	14	46	61	13	48
Customer relationships	896	184	712	895	175	720
Other	11	6	5	12	6	6
Total	\$ 4,588	\$ 1,228	\$ 3,360	\$ 4,643	\$ 1,197	\$ 3,446

The aggregate amortization expense on identifiable intangible assets is approximately \$50 million and \$35 million for the thirteen week periods ended December 28, 2024 and December 30, 2023, respectively.

Intangible assets acquired during the thirteen week period ended December 28, 2024 are summarized in the table below (in millions):

	Gross Amount	Amortization Period
Intangible assets not subject to amortization:		
Goodwill	\$ 17	
	<u>17</u>	
Intangible assets subject to amortization:		
Technology	8	10 years
Customer relationships	2	10 years
	<u>10</u>	
Total	<u><u>\$ 27</u></u>	

The following is a summary of changes in the carrying value of goodwill by segment from September 30, 2024 through December 28, 2024 (in millions):

	Power & Control	Airframe	Non-aviation	Total
Balance at September 30, 2024	\$ 5,020	\$ 5,306	\$ 93	\$ 10,419
Goodwill acquired during the period (Note 2)	17	—	—	17
Purchase price allocation adjustments ⁽¹⁾	1	(5)	—	(4)
Currency translation adjustments and other	(52)	(67)	(9)	(128)
Balance at December 28, 2024	<u><u>\$ 4,986</u></u>	<u><u>\$ 5,234</u></u>	<u><u>\$ 84</u></u>	<u><u>\$ 10,304</u></u>

⁽¹⁾ Related to the opening balance sheet adjustments recorded from the acquisition of Raptor Scientific completed during the fourth quarter of fiscal 2024 and CPI's Electron Device Business completed during the third quarter of fiscal 2024, within the allowable measurement period (not to exceed one year). Refer to Note 2, "Acquisitions," for further information.

The Company performs its annual impairment test for goodwill and other intangible assets as of the first day of the fourth fiscal quarter of each year, or more frequently, if events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. We have assessed the changes in events and circumstances through the first quarter of fiscal 2025 and concluded that no triggering events occurred that required an interim test.

8. DEBT

The Company's debt consists of the following (in millions):

	December 28, 2024			
	Gross Amount	Debt Issuance Costs	Original Issue Discount	Net Amount
Short-term borrowings—trade receivable securitization facility	\$ 650	\$ (1)	\$ —	\$ 649
Term loans	\$ 8,702	\$ (24)	\$ (33)	\$ 8,645
5.50% senior subordinated notes due 2027 (“5.50% 2027 Notes”)	2,650	(9)	—	2,641
6.75% secured notes due 2028 (“2028 Secured Notes”)	2,100	(14)	(7)	2,079
4.625% senior subordinated notes due 2029 (“4.625% 2029 Notes”)	1,200	(6)	—	1,194
6.375% secured notes due 2029 (“2029 Secured Notes”)	2,750	(21)	(1)	2,728
4.875% senior subordinated notes due 2029 (“4.875% 2029 Notes”)	750	(4)	—	746
6.875% secured notes due 2030 (“2030 Secured Notes”)	1,450	(12)	—	1,438
7.125% secured notes due 2031 (“2031 Secured Notes”)	1,000	(8)	(6)	986
6.625% secured notes due 2032 (“2032 Secured Notes”)	2,200	(19)	—	2,181
6.00% secured notes due 2033 (“2033 Secured Notes”)	1,500	(14)	—	1,486
Government refundable advances	16	—	—	16
Finance lease obligations	260	—	—	260
	24,578	(131)	(47)	24,400
Less: current portion	99	(1)	—	98
Long-term debt	\$ 24,479	\$ (130)	\$ (47)	\$ 24,302

	September 30, 2024			
	Gross Amount	Debt Issuance Costs	Original Issue Discount	Net Amount
Short-term borrowings—trade receivable securitization facility	\$ 487	\$ (1)	\$ —	\$ 486
Term loans	\$ 8,702	\$ (25)	\$ (35)	\$ 8,642
5.50% 2027 Notes	2,650	(9)	—	2,641
2028 Secured Notes	2,100	(15)	(8)	2,077
4.625% 2029 Notes	1,200	(6)	—	1,194
2029 Secured Notes	2,750	(22)	(1)	2,727
4.875% 2029 Notes	750	(4)	—	746
2030 Secured Notes	1,450	(12)	—	1,438
2031 Secured Notes	1,000	(9)	(7)	984
2032 Secured Notes	2,200	(20)	—	2,180
2033 Secured Notes	1,500	(14)	—	1,486
Government refundable advances	17	—	—	17
Finance lease obligations	262	—	—	262
	24,581	(136)	(51)	24,394
Less: current portion	99	(1)	—	98
Long-term debt	\$ 24,482	\$ (135)	\$ (51)	\$ 24,296

Accrued interest, which is classified as a component of accrued and other current liabilities on the condensed consolidated balance sheets, was \$386 million and \$185 million as of December 28, 2024 and September 30, 2024, respectively.

Trade Receivable Securitization Facility – The Company’s trade receivable securitization facility (the “Securitization Facility”) effectively increases the Company’s borrowing capacity depending on the amount of the domestic operations’ trade accounts receivable. The Securitization Facility includes the right for the Company to exercise annual one year extensions as long as there have been no termination events as defined by the agreement. The Company uses the proceeds from the Securitization Facility as an alternative to other forms of debt, effectively reducing borrowing costs. The Securitization Facility is collateralized by substantially all of the Company’s domestic operations’ trade accounts receivable.

On July 12, 2024, the Company amended the Securitization Facility to, among other things, (i) increase the borrowing capacity from \$450 million to \$650 million; and (ii) extend the maturity date to July 11, 2025 at an interest rate of Term SOFR plus 1.45% compared to an interest rate of Term SOFR plus 1.60% that applied prior to the amendment. The Company drew the remaining \$163 million available under the Securitization Facility in the first quarter of fiscal 2025. At December 28, 2024 and September 30, 2024, the applicable interest rate was 6.08% and 6.73%, respectively.

Government Refundable Advances – Government refundable advances consist of payments received from the Canadian government to assist in research and development related to commercial aviation. The requirement to repay this advance is based on year-over-year commercial aviation revenue growth for certain product lines at CMC Electronics, which is a wholly-owned subsidiary of TransDigm. As of December 28, 2024 and September 30, 2024, the outstanding balance of these advances was \$16 million and \$17 million, respectively.

Obligations under Finance Leases – The Company leases certain buildings and equipment under finance leases. The present value of the minimum finance lease payments, net of the current portion, represents a balance of \$260 million and \$262 million at December 28, 2024 and September 30, 2024, respectively. Refer to Note 14, “Leases,” for further disclosure of the Company’s lease obligations.

9. INCOME TAXES

At the end of each reporting period, TD Group makes an estimate of its annual effective income tax rate. The estimate used in the year-to-date period may change in subsequent periods.

During the thirteen week periods ended December 28, 2024 and December 30, 2023, the effective income tax rate was 20.4% and 21.7%, respectively. The Company’s lower effective income tax rate for the thirteen week period ended December 28, 2024 was primarily due to a less significant impact on the rate from the valuation allowance applicable to the Company’s net interest deduction limitation carryforward. The Company’s effective income tax rate for the thirteen week period ended December 28, 2024 was slightly lower than the federal statutory tax rate of 21% primarily due to the discrete impact of excess tax benefits associated with share-based payments offset by an increase in the valuation allowance applicable to the Company’s net interest deduction limitation.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state, local and foreign jurisdictions. The Company is no longer subject to U.S. federal examinations for years before fiscal 2018. The Company is currently under examination for its federal income taxes in Canada for fiscal years 2013 through 2019, in France for fiscal years 2020 through 2022, and in Germany for fiscal years 2017 through 2019. In addition, the Company is subject to state income tax examinations for fiscal years 2015 and later.

Unrecognized tax benefits at December 28, 2024 and September 30, 2024, the recognition of which would have an impact on the effective tax rate for each fiscal year, amounted to \$13 million and \$14 million, respectively. The Company classifies all income tax-related interest and penalties as income tax expense, which were not significant for the thirteen week periods ended December 28, 2024 and December 30, 2023. As of December 28, 2024 and September 30, 2024, the Company accrued \$4 million for the potential payment of interest and penalties. Within the next twelve months, it is reasonably possible that unrecognized tax benefits could be reduced by approximately \$2 million resulting primarily from the resolution of tax examinations. Any increase in the amount of unrecognized tax benefits within the next twelve months is not expected to be material.

The Organization for Economic Co-operation and Development (the “OECD”) has proposed a framework comprised of rules and models, collectively referred to as Pillar Two (“P2”), that are designed to ensure that certain multi-national enterprises pay a minimum tax rate of 15% on reported profits arising in each jurisdiction where they operate. Although the OECD provided a framework for applying the minimum tax, individual countries have and may continue to enact P2 rules that are different than the OECD framework. While we continue to monitor P2 developments, we do not anticipate that P2 will have a material impact on our financial position in either the near nor the long-term.

10. FAIR VALUE MEASUREMENTS

The following table presents our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following summarizes the carrying amounts and fair values of financial instruments (in millions):

	Level	December 28, 2024		September 30, 2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:					
Cash and cash equivalents	1	\$ 2,459	\$ 2,459	\$ 6,261	\$ 6,261
Interest rate swap agreements ⁽¹⁾	2	39	39	34	34
Interest rate cap agreements ⁽¹⁾	2	20	20	20	20
Foreign currency forward exchange contracts and other ⁽¹⁾	2	—	—	3	3
Interest rate collar agreements ⁽²⁾	2	26	26	3	3
Liabilities:					
Interest rate swap agreements ⁽³⁾	2	2	2	1	1
Interest rate cap agreements ⁽³⁾	2	1	1	1	1
Foreign currency forward exchange contracts ⁽³⁾	2	4	4	—	—
Interest rate collar agreements ⁽⁴⁾	2	—	—	8	8
Short-term borrowings - trade receivable securitization facility ⁽⁵⁾	2	649	649	486	486
<i>Long-term debt, including current portion:</i>					
Term loans ⁽⁵⁾	2	8,645	8,729	8,642	8,694
5.50% 2027 Notes ⁽⁵⁾	1	2,641	2,603	2,641	2,637
2028 Secured Notes ⁽⁵⁾	1	2,079	2,116	2,077	2,160
4.625% 2029 Notes ⁽⁵⁾	1	1,194	1,122	1,194	1,160
2029 Secured Notes ⁽⁵⁾	1	2,728	2,757	2,727	2,836
4.875% 2029 Notes ⁽⁵⁾	1	746	707	746	729
2030 Secured Notes ⁽⁵⁾	1	1,438	1,472	1,438	1,519
2031 Secured Notes ⁽⁵⁾	1	986	1,024	984	1,058
2032 Secured Notes ⁽⁵⁾	1	2,181	2,219	2,180	2,291
2033 Secured Notes ⁽⁵⁾	1	1,486	1,470	1,486	1,521
Government refundable advances	2	16	16	17	17
Finance lease obligations	2	260	260	262	262

⁽¹⁾ Included in prepaid expenses and other on the condensed consolidated balance sheets.

⁽²⁾ Included in other non-current assets on the condensed consolidated balance sheets.

⁽³⁾ Included in accrued and other current liabilities on the condensed consolidated balance sheets.

⁽⁴⁾ Included in other non-current liabilities on the condensed consolidated balance sheets.

⁽⁵⁾ The carrying amount of the debt instrument is presented net of debt issuance costs, premium and discount. Refer to Note 8, "Debt," for gross carrying amounts.

The Company values its financial instruments using an industry standard market approach, in which prices and other relevant information are generated by market transactions involving identical or comparable assets or liabilities. No financial instruments were recognized or disclosed using unobservable inputs (i.e., Level 3).

The Company's derivatives consist of interest rate swap, cap and collar agreements and foreign currency exchange contracts. The fair values of the interest rate swap, cap and collar agreements were derived by taking the net present value of the expected cash flows using observable market inputs (Level 2) such as SOFR rate curves, futures, volatilities and basis spreads (when applicable). The fair values of the foreign currency exchange contracts were derived by using Level 2 inputs based on observable spot and forward exchange rates in active markets. There has not been any impact to the fair value of derivative liabilities due to the Company's own credit risk. Similarly, there has not been any material impact to the fair value of derivative assets based on the Company's evaluation of counterparties' credit risks.

The estimated fair value of the Company's term loans was based on information provided by the agent under the Company's Credit Agreement. The estimated fair values of the Company's notes were based upon quoted market prices.

The fair value of cash and cash equivalents, trade accounts receivable-net and accounts payable approximated carrying value due to the short-term nature of these instruments at December 28, 2024 and September 30, 2024.

11. DERIVATIVES AND HEDGING ACTIVITIES

The Company is exposed to, among other things, the impact of changes in foreign currency exchange rates and interest rates in the normal course of business. The Company's risk management program is designed to manage the exposure and volatility arising from these risks, and utilizes derivative financial instruments to offset a portion of these risks. The Company uses derivative financial instruments only to the extent necessary to hedge identified business risks and does not enter into such transactions for trading purposes. The Company generally does not require collateral or other security with counterparties to these financial instruments and is therefore subject to credit risk in the event of nonperformance; however, the Company monitors credit risk and currently does not anticipate nonperformance by other parties. These derivative financial instruments do not subject the Company to undue risk, as gains and losses on these instruments generally offset gains and losses on the underlying assets, liabilities, or anticipated transactions that are being hedged. The Company has agreements with each of its swap, cap and collar counterparties that contain a provision whereby if the Company defaults on the Credit Agreement, the Company could also be declared in default on its swaps, cap and collars resulting in an acceleration of settlement under the swaps, cap and collars.

All derivative financial instruments are recorded at fair value in the condensed consolidated balance sheets. For a derivative that has not been designated as an accounting hedge, the change in the fair value is recognized immediately through earnings. For a derivative that has been designated as an accounting hedge of an existing asset or liability (a fair value hedge), the change in the fair value of both the derivative and underlying asset or liability is recognized immediately through earnings. For a derivative designated as an accounting hedge of an anticipated transaction (a cash flow hedge), the change in the fair value is recorded on the condensed consolidated balance sheets in accumulated other comprehensive loss to the extent the derivative is effective in mitigating the exposure related to the anticipated transaction. The change in the fair value related to the ineffective portion of the hedge, if any, is immediately recognized in earnings. The amount recorded within accumulated other comprehensive loss is reclassified into earnings in the same period during which the underlying hedged transaction affects earnings.

Interest Rate Swap, Cap and Collar Agreements – Interest rate swap, cap and collar agreements are used to manage interest rate risk associated with floating rate borrowings under our Credit Agreement. These agreements involve the receipt of floating rate amounts in exchange for fixed rate interest payments over the term of the agreements without an exchange of the underlying principal amount. The agreements utilized by the Company effectively modify the Company's exposure to interest rate risk by converting a portion of the Company's floating rate debt to a fixed rate basis from the effective date through the maturity date of the respective interest rate swap, cap and collar agreements, thereby reducing the impact of interest rate movements on future interest expense.

During the second quarter of fiscal 2023, we entered into LIBOR to Term SOFR basis interest rate swap and cap transactions to effectively convert our existing swaps and cap from LIBOR-based to Term SOFR-based. The basis swaps and cap offset the LIBOR exposure of the existing swaps and cap and effectively fix the Term SOFR rate for the notional amount. We also entered into forward starting interest rate collar agreements during the second quarter of fiscal 2023. The interest rate collar agreements establish a range where we will pay the counterparties if the three-month Term SOFR rate falls below the established floor rate of 2.00%, and the counterparties will pay us if the three-month Term SOFR rate exceeds the ceiling rate of 3.50%. The collar will settle quarterly from the effective date through the maturity date. No payments or receipts will be exchanged on the interest rate collar contracts unless interest rates rise above or fall below the contracted ceiling or floor rates.

During the third quarter of fiscal 2024, we entered into forward starting interest rate collar agreements. The interest rate collar agreements establish a range where we will pay the counterparties if the three-month Term SOFR rate falls below the established floor rate of 2.50%, and the counterparties will pay us if the three-month Term SOFR rate exceeds the ceiling rate of 4.50%. The collar will settle quarterly from the effective date through the maturity date. No payments or receipts will be exchanged on the interest rate collar contracts unless interest rates rise above or fall below the contracted ceiling or floor rates.

The tables below summarize the key terms of the swaps, cap and collars as of December 28, 2024 (aggregated by effective date).

Interest rate swap agreements:

Aggregate Notional Amount (in millions)	Effective Date	Maturity Date	Conversion of Related Variable Rate Debt subject to Term SOFR to Fixed Rate of:
\$500	3/31/2023	3/31/2025	6.25% (3.00% plus the 3.25% margin percentage)
\$1,500	3/31/2023	3/31/2025	6.35% (3.10% plus the 3.25% margin percentage)
\$700	3/31/2023	9/30/2025	4.55% (1.30% plus the 3.25% margin percentage)

Interest rate cap agreement:

Aggregate Notional Amount (in millions)	Effective Date	Maturity Date	Offsets Variable Rate Debt Attributable to Fluctuations Above:
\$700	3/31/2023	9/30/2025	Three-month Term SOFR rate of 1.25%

Interest rate collar agreements:

Aggregate Notional Amount (in millions)	Effective Date	Maturity Date	Offsets Variable Rate Debt Attributable to Fluctuations Below and Above:
\$1,100	3/31/2025	9/30/2026	Three-month Term SOFR rate of 2.00% (floor) and 3.50% (cap)
\$500	9/30/2025	9/30/2026	Three-month Term SOFR rate of 2.00% (floor) and 3.50% (cap)
\$1,338	9/30/2025	9/30/2027	Three-month Term SOFR rate of 2.50% (floor) and 4.50% (cap)
\$1,550	9/30/2026	9/30/2027	Three-month Term SOFR rate of 2.50% (floor) and 4.50% (cap)

These derivative instruments qualify as effective cash flow hedges under U.S. GAAP. For the LIBOR to Term SOFR basis interest rate swap and cap agreements referenced above, we applied the practical expedients permissible under ASC 848 to continue hedge accounting for our existing swaps and cap as effective cash flow hedges. For our cash flow hedges, the effective portion of the gain or loss from the financial instruments is initially reported as a component of accumulated other comprehensive loss in stockholders' deficit and subsequently reclassified into earnings in the same line as the hedged item in the same period or periods during which the hedged item affects earnings. As the interest rate swap, cap and collar agreements are used to manage interest rate risk, any gains or losses from the derivative instruments that are reclassified into earnings are recognized in interest expense-net in the condensed consolidated statements of income. Cash flows related to the derivative contracts are included in cash flows from operating activities on the condensed consolidated statements of cash flows.

Certain derivative asset and liability balances are offset where master netting agreements provide for the legal right of setoff. For classification purposes, we record the net fair value of each type of derivative position that is expected to settle in less than one year with each counterparty as a net current asset or liability and each type of long-term position as a net non-current asset or liability. The amounts shown in the table below represent the gross amounts of recognized assets and liabilities, the amounts offset in the condensed consolidated balance sheets and the net amounts of assets and liabilities presented therein (in millions):

	December 28, 2024		September 30, 2024	
	Asset	Liability	Asset	Liability
Interest rate cap agreement	\$ 20	\$ 1	\$ 20	\$ 1
Interest rate collar agreements	26	—	3	8
Interest rate swap agreements	39	2	34	1
Net derivatives as classified in the condensed consolidated balance sheets ⁽¹⁾	\$ 85	\$ 3	\$ 57	\$ 10

⁽¹⁾ Refer to Note 10, "Fair Value Measurements," for the condensed consolidated balance sheets classification of the Company's interest rate swap, cap and collar agreements.

Based on the fair value amounts determined as of December 28, 2024, the estimated net amount of existing (gains) losses and caplet amortization expected to be reclassified into interest expense-net within the next twelve months is approximately \$(28) million.

Foreign Currency Forward Exchange Contracts – The Company transacts business in various foreign currencies, which subjects the Company’s cash flows and earnings to exposure related to changes in foreign currency exchange rates. These exposures arise primarily from purchases or sales of products and services from third parties. Foreign currency forward exchange contracts provide for the purchase or sale of foreign currencies at specified future dates at specified exchange rates, and are used to offset changes in the fair value of certain assets or liabilities or forecasted cash flows resulting from transactions denominated in foreign currencies. At December 28, 2024, the Company has outstanding foreign currency forward exchange contracts to sell U.S. dollars with notional amounts of \$91 million. The maximum duration of the Company’s foreign currency cash flow hedge contracts at December 28, 2024 is nine months. These notional values consist of contracts for the Canadian dollar and the euro and are stated in U.S. dollar equivalents at spot exchange rates at the respective trade dates. Amounts related to foreign currency forward exchange contracts included in accumulated other comprehensive loss in stockholders' deficit are reclassified into net sales when the hedged transaction settles. As of December 28, 2024, the Company expects to record a net loss of approximately \$4 million on foreign currency forward exchange contracts designated as cash flow hedges to net sales over the next twelve months.

12. SEGMENTS

The Company’s businesses are organized and managed in three reporting segments: Power & Control, Airframe and Non-aviation. Refer to Note 15, “Segments,” in Part IV, Item 15. *Exhibits and Financial Statement Schedules*, of our Annual Report on Form 10-K for the fiscal year ended September 30, 2024, filed on November 7, 2024, for further information on the composition of the Company's segments.

The primary measurement used by management to review and assess the operating performance of each segment is EBITDA As Defined. The Company defines EBITDA As Defined as earnings before interest, taxes, depreciation and amortization plus certain non-operating items recorded as corporate expenses including non-cash compensation charges incurred in connection with the Company’s stock option or deferred compensation plans, foreign currency gains and losses, acquisition-integration costs, acquisition transaction-related expenses, and refinancing costs. Acquisition transaction and integration-related expenses and adjustments represent costs incurred to integrate acquired businesses into TD Group’s operations; facility relocation costs and other acquisition-related costs; transaction and valuation-related costs for acquisitions comprising deal fees, legal, financial and tax due diligence expenses; amortization expense of inventory step-up recorded in connection with the purchase accounting of acquired businesses.

EBITDA As Defined is not a measurement of financial performance under U.S. GAAP. Although the Company uses EBITDA As Defined to assess the performance of its business and for various other purposes, the use of this non-GAAP financial measure as an analytical tool has limitations, and it should not be considered in isolation or as a substitute for analysis of the Company’s results of operations as reported in accordance with U.S. GAAP.

The Company’s segments are reported on the same basis used internally for evaluating performance and for allocating resources. The accounting policies for each segment are the same as those described in the summary of significant accounting policies in the Company’s consolidated financial statements. Intersegment sales and transfers are recorded at values based on market prices, which creates intercompany profit on intersegment sales or transfers that is eliminated in consolidation. Intersegment sales were immaterial for the periods presented below. Corporate consists of our corporate offices. Corporate expenses consist primarily of compensation, benefits, professional services and other administrative costs incurred by the corporate offices. Corporate assets consist primarily of cash and cash equivalents. Corporate expenses and assets reconcile reportable segment data to the consolidated totals. An immaterial amount of corporate expenses is allocated to the operating segments.

The following table presents net sales by reportable segment (in millions):

	Thirteen Week Periods Ended	
	December 28, 2024	December 30, 2023
Net sales to external customers		
Power & Control		
Commercial and non-aerospace OEM	\$ 195	\$ 179
Commercial and non-aerospace aftermarket	341	300
Defense	491	411
Total Power & Control	1,027	890
Airframe		
Commercial and non-aerospace OEM	278	294
Commercial and non-aerospace aftermarket	333	302
Defense	335	266
Total Airframe	946	862
Total Non-aviation	33	37
Net Sales	\$ 2,006	\$ 1,789

The following table reconciles EBITDA As Defined by segment to consolidated income from operations before income taxes (in millions):

	Thirteen Week Periods Ended	
	December 28, 2024	December 30, 2023
EBITDA As Defined		
Power & Control	\$ 585	\$ 512
Airframe	516	431
Non-aviation	12	14
Total segment EBITDA As Defined	1,113	957
Less: Unallocated corporate EBITDA As Defined	52	45
Total Company EBITDA As Defined	1,061	912
Depreciation and amortization expense	90	71
Interest expense-net	378	300
Acquisition transaction and integration-related expenses	13	2
Non-cash stock and deferred compensation expense	25	51
Other, net	(64)	—
Income from continuing operations before income taxes	\$ 619	\$ 488

The following table presents total assets by segment (in millions):

	December 28, 2024	September 30, 2024
Total assets		
Power & Control	\$ 9,172	\$ 9,180
Airframe	9,905	10,045
Non-aviation	186	193
Corporate	2,252	6,168
	\$ 21,515	\$ 25,586

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents the total changes by component in accumulated other comprehensive loss (“AOCL”), net of taxes, for the thirteen week periods ended December 28, 2024 and December 30, 2023 (in millions):

	Unrealized gains (losses) on derivatives ⁽¹⁾	Pension and post- retirement benefit plans adjustment ⁽²⁾	Foreign currency translation adjustment ⁽³⁾	Total
Balance at September 30, 2024	\$ 19	\$ 1	\$ (62)	\$ (42)
Net current-period other comprehensive income (loss) ⁽⁴⁾	22	—	(227)	(205)
Balance at December 28, 2024	<u>\$ 41</u>	<u>\$ 1</u>	<u>\$ (289)</u>	<u>\$ (247)</u>
Balance at September 30, 2023	\$ 143	\$ 2	\$ (243)	\$ (98)
Net current-period other comprehensive (loss) income ⁽⁴⁾	(53)	—	91	38
Balance at December 30, 2023	<u>\$ 90</u>	<u>\$ 2</u>	<u>\$ (152)</u>	<u>\$ (60)</u>

- ⁽¹⁾ Represents unrealized gains (losses) on derivatives designated and qualifying as cash flow hedges, net of taxes, of \$7 million and \$(18) million for the thirteen week periods ended December 28, 2024 and December 30, 2023, respectively.
- ⁽²⁾ There were no material pension liability adjustments, net of taxes, related to activity on the defined pension plan and postretirement benefit plan for the thirteen week periods ended December 28, 2024 and December 30, 2023.
- ⁽³⁾ Represents gains (losses) resulting from foreign currency translation of financial statements, including gains (losses) from certain intercompany transactions, into U.S. dollars at the rates of exchange in effect at the balance sheet dates.
- ⁽⁴⁾ Presented net of reclassifications out of AOCL into earnings, specifically net sales and interest expense-net, for realized (losses) gains on derivatives designated and qualifying as cash flow hedges of less than \$(1) million (net of taxes of less than \$(1) million) and \$1 million (net of taxes of less than \$1 million), respectively, for the thirteen week period ended December 28, 2024 and \$(1) million (net of taxes of less than \$(1) million) and \$28 million (net of taxes of \$9 million), respectively, for the thirteen week period ended December 30, 2023.

14. LEASES

The Company leases certain manufacturing facilities, offices, land, equipment and vehicles. Such leases, some of which are noncancellable and, in many cases, include renewals, expire at various dates. Such options to renew are included in the lease term when it is reasonably certain that the option will be exercised. The Company’s lease agreements typically do not contain any significant residual value guarantees or restrictive covenants, and payments within certain lease agreements are adjusted periodically for changes in an index or rate.

The Company determines if an arrangement is a lease at inception. Operating lease assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. Lease assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. The discount rate implicit within our leases is generally not determinable and therefore we determine the discount rate based on our incremental borrowing rate. The incremental borrowing rate for our leases is determined based on the lease term and the currency in which lease payments are made. The length of a lease term includes options to extend or terminate the lease when it is reasonably certain that the Company will exercise those options. The Company made an accounting policy election to not recognize lease assets or liabilities for leases with a term of twelve months or less. Additionally, when accounting for leases, the Company combines payments for leased assets, related services and other components of a lease.

The components of lease expense are as follows (in millions):

	Classification	Thirteen Week Periods Ended	
		December 28, 2024	December 30, 2023
Operating lease cost	Cost of sales or selling and administrative expenses	\$ 6	\$ 5
Finance lease cost:			
Amortization of leased assets	Cost of sales	3	3
Interest on lease liabilities	Interest expense-net	5	2
Total lease cost		\$ 14	\$ 10

Supplemental cash flow information related to leases is as follows (in millions):

	Thirteen Week Periods Ended	
	December 28, 2024	December 30, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$ 6	\$ 5
Operating cash outflows from finance leases	4	3
Financing cash outflows from finance leases	2	1
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 1	\$ 1
Financing leases	1	59

Supplemental balance sheet information related to leases is as follows (in millions):

	Classification	December 28, 2024	September 30, 2024
Operating Leases			
Operating lease right-of-use assets	Other non-current assets	\$ 56	\$ 61
Current operating lease liabilities	Accrued and other current liabilities	18	19
Long-term operating lease liabilities	Other non-current liabilities	40	43
Total operating lease liabilities		\$ 58	\$ 62
Finance Leases			
Finance lease right-of-use assets, net	Property, plant and equipment-net	\$ 248	\$ 252
Current finance lease liabilities	Current portion of long-term debt	6	6
Long-term finance lease liabilities	Long-term debt	254	256
Total finance lease liabilities		\$ 260	\$ 262

As of December 28, 2024, the Company has the following remaining lease term and weighted average discount rates:

Weighted-average remaining lease term	
Operating leases	5.3 years
Finance leases	20.7 years
Weighted-average discount rate	
Operating leases	6.0%
Finance leases	7.0%

Maturities of lease liabilities at December 28, 2024 are as follows (in millions):

	Operating Leases	Finance Leases
2025	\$ 21	\$ 19
2026	15	22
2027	11	22
2028	7	23
2029	4	23
Thereafter	11	423
Total future minimum lease payments	69	532
Less: imputed interest	11	272
Present value of lease liabilities reported	\$ 58	\$ 260

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-looking Statements

The following discussion of the Company's financial condition and results of operations should be read together with TD Group's condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q. References in this section to "TransDigm," "the Company," "we," "us," "our," and similar references refer to TD Group, TransDigm Inc. and TransDigm Inc.'s subsidiaries, unless the context otherwise indicates.

This Quarterly Report on Form 10-Q contains both historical and "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 27A of the Securities Act of 1933, as amended. All statements other than statements of historical fact included that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements, including, in particular, the statements about our plans, objectives, strategies and prospects regarding, among other things, our financial condition, results of operations and business. We have identified some of these forward-looking statements with words like "believe," "may," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate" or "continue" and other words and terms of similar meaning. These forward-looking statements may be contained throughout this Quarterly Report on Form 10-Q. These forward-looking statements are based on current expectations about future events affecting us and are subject to uncertainties and factors relating to, among other things, our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we do not know whether our expectations will prove correct. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties, including the risks described in Item 1A, "Risk Factors," of the Annual Report on Form 10-K. Since our actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements, we cannot give any assurance that any of the events anticipated by these forward-looking statements will occur or, if any of them does occur, what impact they will have on our business, results of operations and financial condition. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. We do not undertake any obligation to update these forward-looking statements or the risk factors contained in this Quarterly Report on Form 10-Q to reflect new information, future events or otherwise, except as may be required under federal securities laws.

Important factors that could cause actual results to differ materially from the forward-looking statements made in this Quarterly Report on Form 10-Q include but are not limited to: the sensitivity of our business to the number of flight hours that our customers' planes spend aloft and our customers' profitability, both of which are affected by general economic conditions; supply chain constraints; increases in raw material costs, taxes and labor costs that cannot be recovered in product pricing; failure to complete or successfully integrate acquisitions; our indebtedness; current and future geopolitical or other worldwide events, including, without limitation, wars or conflicts and public health crises; cybersecurity threats; risks related to the transition or physical impacts of climate change and other natural disasters or meeting sustainability-related voluntary goals or regulatory requirements; our reliance on certain customers; the United States ("U.S.") defense budget and risks associated with being a government supplier including government audits and investigations; failure to maintain government or industry approvals; risks related to changes in laws and regulations, including increases in compliance costs; potential environmental liabilities; liabilities arising in connection with litigation; risks and costs associated with our international sales and operations; and other factors. Refer to Part II, Item 1A included in this Quarterly Report on Form 10-Q and to Part I, Item 1A of the Annual Report on Form 10-K for additional information regarding the foregoing factors that may affect our business.

Overview

We believe we are a leading global designer, producer and supplier of highly engineered proprietary aerospace components with significant aftermarket content. We seek to develop highly customized products to solve specific needs for aircraft operators and manufacturers. We attempt to differentiate ourselves based on engineering, service and manufacturing capabilities. We believe that our products have strong brand names within the industry and that we have a reputation for high quality, reliability and strong customer support. We believe we have achieved steady, long-term growth in sales and improvements in operating performance we believe that due to our competitive strengths and through execution of our value-driven operating strategy. More specifically, focusing our businesses on our value-driven operating strategy of obtaining profitable new business, carefully controlling the cost structure via productivity and cost improvements and pricing our highly engineered value-added products to fairly reflect the value we provide and the resources required to do so has historically resulted in improvements in gross profit and income from operations over the long-term.

Our business is well diversified due to the broad range of products that we offer to our customers. Our major product offerings, substantially all of which are ultimately provided to end-users in the aerospace industry, include mechanical/electromechanical actuators and controls, ignition systems and engine technology, specialized pumps and valves, power conditioning devices, specialized AC/DC electric motors and generators, batteries and chargers, engineered latching and locking devices, engineered rods, engineered connectors and elastomer sealing solutions, databus and power controls, cockpit security components and systems, specialized and advanced cockpit displays, engineered audio, radio and antenna systems, specialized lavatory components, seat belts and safety restraints, engineered and customized interior surfaces and related components, advanced sensor products, switches and relay panels, thermal protection and insulation, lighting and control technology, parachutes, high performance hoists, winches and lifting devices, cargo loading, handling and delivery systems, specialized flight, wind tunnel and jet engine testing services and equipment, electronic components used in the generation, amplification, transmission and reception of microwave signals and equipment and complex testing and instrumentation solutions. Each of our product offerings is composed of many individual products that are typically customized to meet the needs of a particular aircraft platform or customer.

For the first quarter of fiscal 2025, we generated net sales of \$2,006 million and net income attributable to TD Group of \$493 million. EBITDA As Defined was \$1,061 million, or 52.9% of net sales. Refer to the “Non-GAAP Financial Measures” section for certain information regarding EBITDA and EBITDA As Defined, including reconciliations of EBITDA and EBITDA As Defined to net income and net cash provided by operating activities.

In the first quarter of fiscal 2025, demand for air travel remained strong both domestically and internationally. The 2025 leading indicators or industry consensus suggest a continuation of current trends supported by continued revenue passenger kilometer (“RPK”) growth though the ongoing supply chain issues resulting in the delivery of fewer new aircraft deliveries to airlines may adversely impact the rate of RPK growth. In the first quarter of fiscal 2025, commercial aftermarket sales increased compared to the first quarter of fiscal 2024 primarily due to the strong demand for air travel resulting in higher flight hours and utilization of aircraft as global air traffic continues to surpass pre-pandemic levels.

Our commercial transport original equipment manufacturer (“OEM”) shipments and revenues generally run ahead of aircraft delivery schedules. Consistent with prior years, our fiscal 2025 shipments will be a function of, among other things, the estimated 2025 and 2026 commercial aircraft production rates for Boeing and Airbus. Airline demand for new aircraft remains high, and the OEMs are working to increase aircraft production. However, aircraft production rates remain well below pre-pandemic levels as the struggles in the OEM supply chain persist. Other factors, such as the Boeing machinist strike, also has contributed to lower production rates. Due to these factors, it is difficult to accurately predict the OEM build rates for 2025. In the first quarter of fiscal 2025, commercial OEM sales decreased compared to the first quarter of fiscal 2024 primarily due to the adverse impact on aircraft production from the Boeing machinist strike.

Our defense business fluctuates from year-to-year, and is dependent, to a degree, on government budget constraints, the timing of orders, macro and micro dynamics with respect to the U.S. Department of Defense (“DOD”) procurement policy and the extent of global conflicts, such as the ongoing conflicts between Russia and Ukraine and Israel and Hamas can increase demand. Likewise, delays in government spending outlays and government funding reprioritization can reduce demand. For a variety of reasons, the military spending outlook is very uncertain, though recent DOD budgets have trended upwards due to recent geopolitical challenges, such as the ongoing conflicts between Russia and Ukraine and Israel and Hamas, and current military modernization efforts. Defense sales in the first quarter of fiscal 2025 increased compared to the first quarter of fiscal 2024 primarily due to continued improving United States Government (“U.S. Government”) defense spend outlays.

Critical Accounting Policies and Estimates

The preparation and fair presentation of the consolidated unaudited interim financial statements and accompanying notes included in this report are the responsibility of management. The financial statements and footnotes have been prepared in conformity with generally accepted accounting principles in the United States (“U.S. GAAP”) for interim financial statements and contain certain amounts that were based upon management’s best estimates, judgments and assumptions that were believed to be reasonable under the circumstances. On an ongoing basis, we evaluate the accounting policies and estimates used to prepare financial statements. Estimates are based on historical experience, judgments and assumptions believed to be reasonable under current facts and circumstances. Actual amounts and results could differ from these estimates used by management.

A comprehensive discussion of the Company’s critical accounting policies and management estimates and significant accounting policies followed in the preparation of the financial statements is included in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended September 30, 2024, filed on November 7, 2024. Refer to Note 1, “Basis of Presentation,” in the notes to the condensed consolidated financial statements included herein for further disclosure of accounting standards recently adopted or required to be adopted in the future.

Acquisitions

Recent acquisitions are described in Note 2, “Acquisitions,” in the notes to the condensed consolidated financial statements included herein.

Results of Operations

The following table sets forth, for the periods indicated, certain operating data of the Company, including presentation of the amounts as a percentage of net sales (amounts in millions, except per share data):

	Thirteen Week Periods Ended			
	December 28, 2024	% of Net Sales	December 30, 2023	% of Net Sales
Net sales	\$ 2,006	100.0 %	\$ 1,789	100.0 %
Cost of sales	771	38.4 %	747	41.8 %
Selling and administrative expenses	211	10.5 %	220	12.3 %
Amortization of intangible assets	50	2.5 %	35	2.0 %
Income from operations	974	48.6 %	787	44.0 %
Interest expense-net	378	18.8 %	300	16.8 %
Other income	(23)	(1.1)%	(1)	(0.1)%
Income tax provision	126	6.3 %	106	5.9 %
Income from continuing operations	493	24.6 %	382	21.4 %
Less: Net income attributable to noncontrolling interests	—	— %	—	— %
Net income attributable to TD Group	\$ 493	24.6 %	\$ 382	21.4 %
Net income applicable to TD Group common stockholders	\$ 444 ⁽¹⁾	22.1 %	\$ 281 ⁽¹⁾	15.7 %
Earnings per share attributable to TD Group common stockholders:				
Basic and diluted	\$ 7.62 ⁽²⁾		\$ 4.87 ⁽²⁾	
Cash dividends declared per common share	\$ —		\$ 35.00	
Weighted-average shares outstanding—basic and diluted	58.3		57.7	
Other Data:				
EBITDA	\$ 1,087 ⁽³⁾		\$ 859 ⁽³⁾	
EBITDA As Defined	\$ 1,061 ⁽³⁾	52.9 %	\$ 912 ⁽³⁾	51.0 %

⁽¹⁾ Net income applicable to TD Group common stockholders represents net income attributable to TD Group less special dividends declared or paid on participating securities, including dividend equivalents of \$49 million and \$101 million for the thirteen week periods December 28, 2024 and December 30, 2023, respectively.

⁽²⁾ Earnings per share is calculated by dividing net income applicable to TD Group common stockholders by the basic and diluted weighted average common shares outstanding.

⁽³⁾ Refer to “Non-GAAP Financial Measures” in this discussion and analysis for additional information and limitations regarding these non-GAAP financial measures, including a reconciliation to the comparable U.S. GAAP financial measure.

Changes in Results of Operations

Thirteen week period ended December 28, 2024 compared with the thirteen week period ended December 30, 2023

Total Company

- Net Sales.** Net organic sales and acquisition sales and the related dollar and percentage changes for the thirteen week periods ended December 28, 2024 and December 30, 2023 were as follows (amounts in millions):

	Thirteen Week Periods Ended		Change	% Change Net Sales
	December 28, 2024	December 30, 2023		
Organic sales	\$ 1,894	\$ 1,776	\$ 118	6.6 %
Acquisition sales	112	13	99	5.5 %
Net sales	\$ 2,006	\$ 1,789	\$ 217	12.1 %

Organic sales represent net sales from existing businesses owned by the Company, excluding sales from acquisitions. Acquisition sales represent net sales from acquired businesses for the period up to one year from the respective acquisition date. We believe this measure provides investors with a supplemental understanding of underlying sales trends by providing sales growth on a consistent basis. Refer to Note 2, "Acquisitions," in the notes to the condensed consolidated financial statements included herein for information on the Company's recent acquisitions.

The increase in organic sales of \$118 million for the thirteen week period ended December 28, 2024 compared to the thirteen week period ended December 30, 2023 is primarily related to increases in defense sales (\$80 million, an increase of 11.8%) and commercial aftermarket sales (\$57 million, an increase of 9.9%), partially offset by a decrease in commercial OEM sales (\$16 million, a decrease of 4.2%). The increase in defense sales is primarily attributable to continued improving U.S. Government defense spend outlays. The increase in commercial aftermarket sales is primarily attributable to the strong demand for air travel resulting in higher flight hours and utilization of aircraft. The decrease in commercial OEM sales is primarily attributable to the adverse impact on aircraft production from the Boeing machinist strike.

The increase in acquisition sales for the thirteen week period ended December 28, 2024 is primarily attributable to the fiscal 2024 acquisitions of Raptor Scientific, the Electron Device Business of Communications & Power Industries ("CPI's Electron Device Business"), SEI Industries LTD ("SEI") and FPT Industries LLC ("FPT").

- Cost of Sales and Gross Profit.** Cost of sales increased by \$24 million, or 3.2%, to \$771 million for the thirteen week period ended December 28, 2024 compared to \$747 million for the thirteen week period ended December 30, 2023. Cost of sales and the related percentage of net sales for the thirteen week periods ended December 28, 2024 and December 30, 2023 were as follows (amounts in millions):

	Thirteen Week Periods Ended		Change	% Change
	December 28, 2024	December 30, 2023		
Cost of sales - excluding costs below	\$ 801	\$ 732	\$ 69	9.4 %
% of net sales	39.9 %	40.9 %		
Inventory step-up amortization	7	1	6	600.0 %
% of net sales	0.3 %	0.1 %		
Non-cash stock and deferred compensation expense	2	5	(3)	(60.0)%
% of net sales	0.1 %	0.3 %		
Loss contract amortization	(19)	(5)	(14)	(280.0)%
% of net sales	(0.9)%	(0.3)%		
Foreign currency (gains) losses	(20)	14	(34)	(242.9)%
% of net sales	(1.0)%	0.8 %		
Total cost of sales	\$ 771	\$ 747	\$ 24	3.2 %
% of net sales	38.4 %	41.8 %		
Gross profit (Net sales less Total cost of sales)	\$ 1,235	\$ 1,042	\$ 193	18.5 %
Gross profit percentage (Gross profit / Net sales)	61.6 %	58.2 %		

Cost of sales during the thirteen week period ended December 28, 2024 decreased as a percentage of net sales. This was primarily driven by the application of our three core value-driven operating strategy (obtaining profitable new business, continually improving our cost structure and providing highly engineered value-added products to customers) coupled with fixed overhead costs incurred being spread over a higher production volume. Foreign exchange rates, particularly the U.S. dollar compared to the British pound and the euro, strengthened in the first quarter of fiscal 2025 compared to fiscal 2024, resulting in foreign currency gains recognized in the first quarter of fiscal 2025.

- **Selling and Administrative Expenses.** Selling and administrative expenses decreased by \$9 million, or 4%, to \$211 million for the thirteen week period ended December 28, 2024, compared to \$220 million, or 12.3% of net sales, for the thirteen week period ended December 30, 2023. Selling and administrative expenses and the related percentage of net sales for the thirteen week periods ended December 28, 2024 and December 30, 2023 were as follows (amounts in millions):

	Thirteen Week Periods Ended		Change	% Change
	December 28, 2024	December 30, 2023		
Selling and administrative expenses - excluding costs below	\$ 184	\$ 174	\$ 10	5.7 %
% of net sales	9.2 %	9.7 %		
Non-cash stock and deferred compensation expense	23	45	(22)	(48.9)%
% of net sales	1.1 %	2.5 %		
Acquisition integration costs	4	1	3	300.0 %
% of net sales	0.2 %	0.1 %		
Total selling and administrative expenses	<u>\$ 211</u>	<u>\$ 220</u>	<u>\$ (9)</u>	<u>(4.1)%</u>
% of net sales	<u>10.5 %</u>	<u>12.3 %</u>		

Selling and administrative expenses as a percentage of net sales for the thirteen week period ended December 28, 2024 decreased as a percentage of net sales compared to the thirteen week period ended December 30, 2023 primarily driven by the decrease in non-cash stock and deferred compensation expense. The decrease is due to the reduction in the stock price as of December 28, 2024 compared to September 30, 2024, as the stock price is a key input used to determine the Black-Scholes fair value for the non-cash stock compensation expense.

- **Amortization of Intangible Assets.** Amortization of intangible assets was \$50 million for the thirteen week period ended December 28, 2024 compared to \$35 million for the thirteen week period ended December 30, 2023. The increase in amortization expense of \$15 million was primarily due to the amortization expense recognized on intangible assets from the fiscal 2024 acquisitions.
- **Interest Expense-net.** Interest expense-net includes interest on borrowings outstanding, amortization of debt issuance costs and original issue discount, revolving credit facility fees, finance leases, interest income and the impact of interest rate swaps and caps designated and qualifying as cash flow hedges. Interest expense-net increased \$78 million, or 26.0%, to \$378 million for the thirteen week period ended December 28, 2024 from \$300 million for the comparable thirteen week period in the prior fiscal year. The increase in interest expense-net was primarily due to an increase in outstanding borrowings (refer to Note 8, "Debt" in the notes to the condensed consolidated financial statements included herein for additional details) and a \$10 million decrease in interest income. The weighted average interest rate for cash interest payments on total borrowings outstanding was 6.2% for the thirteen week period ended December 28, 2024 compared to 6.3% for the thirteen week period ended December 30, 2023.
- **Other Income.** Other income was \$23 million for the thirteen week period ended December 28, 2024 compared to \$1 million for the thirteen week period ended December 30, 2023. Other income for the thirteen week period ended December 28, 2024 primarily related to a gain on sale of business. Other income for the thirteen week period ended December 30, 2023 primarily related to the non-service related components of benefit costs on the Company's benefit plans.
- **Income Tax Provision.** Income tax expense as a percentage of income before income taxes was approximately 20.4% for the thirteen week period ended December 28, 2024 compared to 21.7% for the thirteen week period ended December 30, 2023. The Company's lower effective tax rate for the thirteen week period ended December 28, 2024 was primarily due to a less significant impact on the rate from the valuation allowance applicable to the Company's net interest deduction limitation carryforward.

- **Net Income Attributable to TD Group.** Net income attributable to TD Group increased \$111 million, or 29.1%, to \$493 million for the thirteen week period ended December 28, 2024 compared to net income attributable to TD Group of \$382 million for the thirteen week period ended December 30, 2023, primarily as a result of the factors referenced above.
- **Earnings per Share.** Basic and diluted earnings per share was \$7.62 for the thirteen week period ended December 28, 2024 and \$4.87 for the thirteen week period ended December 30, 2023. Net income attributable to TD Group for the thirteen week period ended December 28, 2024 of \$493 million was decreased by dividend equivalent payments of \$49 million, or \$0.83 per share, resulting in net income applicable to TD Group common stockholders of \$444 million. Net income attributable to TD Group for the thirteen week period ended December 30, 2023 of \$382 million was decreased by dividend equivalent payments of \$101 million, or \$1.75 per share, resulting in net income applicable to TD Group common stockholders of \$281 million.

Business Segments

- **Segment Net Sales.** Net sales by segment for the thirteen week periods ended December 28, 2024 and December 30, 2023 were as follows (amounts in millions):

	Thirteen Week Periods Ended					
	December 28, 2024	% of Net Sales	December 30, 2023	% of Net Sales	Change	% Change
Power & Control	\$ 1,027	51.2 %	\$ 890	49.7 %	\$ 137	15.4 %
Airframe	946	47.2 %	862	48.2 %	84	9.7 %
Non-aviation	33	1.6 %	37	2.1 %	(4)	(10.8)%
Net sales	\$ 2,006	100.0 %	\$ 1,789	100.0 %	\$ 217	12.1 %

Net sales for the Power & Control segment increased \$137 million, an increase of 15.4%, for the thirteen week period ended December 28, 2024 compared to the thirteen week period ended December 30, 2023. The sales increase resulted primarily from increases in organic sales in commercial aftermarket (\$37 million, an increase of 12.7%) and defense (\$31 million, an increase of 7.6%). The increase in commercial aftermarket sales is primarily attributable to the strong demand for air travel resulting in higher flight hours and utilization of aircraft. The increase in defense sales is primarily attributable to due to continued improving U.S. Government defense spend outlays.

Net sales for the Airframe segment increased \$84 million, an increase of 9.7%, for the thirteen week period ended December 28, 2024 compared to the thirteen week period ended December 30, 2023. The sales increase resulted primarily from increases in organic sales in defense (\$49 million, an increase of 18.6%) and commercial aftermarket (\$20 million, an increase of 7.1%). The increase in defense sales and commercial aftermarket sales for the Airframe segment is attributable to the same factors described in the paragraph above for the Power & Control segment.

Acquisition sales for the Power & Control and Airframe increased approximately \$99 million in the aggregate. Acquisition sales represent net sales from acquired businesses for the period up to one year from the respective acquisition date.

The change in Non-aviation net sales compared to the thirteen week period in the prior fiscal year was not material.

- **EBITDA As Defined.** Refer to “Non-GAAP Financial Measures” in this discussion and analysis for additional information and limitations regarding these non-GAAP financial measures, including a reconciliation to the comparable U.S. GAAP financial measure. EBITDA As Defined by segment for the thirteen week periods ended December 28, 2024 and December 30, 2023 were as follows (amounts in millions):

	Thirteen Week Periods Ended					
	December 28, 2024	% of Segment Net Sales	December 30, 2023	% of Segment Net Sales	Change	% Change
Power & Control	\$ 585	57.0 %	\$ 512	57.5 %	\$ 73	14.3 %
Airframe	516	54.5 %	431	50.0 %	85	19.7 %
Non-aviation	12	36.4 %	14	37.8 %	(2)	(14.3)%
Total segment EBITDA As Defined	1,113	55.5 %	957	53.5 %	156	16.3 %
Less: Unallocated corporate EBITDA As Defined	52	2.6 % ⁽¹⁾	45	2.5 % ⁽¹⁾	7	15.6 %
Total Company EBITDA As Defined	<u>\$ 1,061</u>	52.9 % ⁽¹⁾	<u>\$ 912</u>	51.0 % ⁽¹⁾	<u>\$ 149</u>	16.3 %

⁽¹⁾ Calculated as a percentage of consolidated net sales.

EBITDA As Defined for the Power & Control segment increased approximately \$73 million, an increase of 14.3%, resulting primarily from the higher organic sales in commercial aftermarket and defense. Also contributing to the increase in EBITDA As Defined was the application of our three core value-driven operating strategy and positive leverage on our fixed overhead costs spread over a higher production volume.

EBITDA As Defined for the Airframe segment increased approximately \$85 million, an increase of 19.7%. The increase in EBITDA As Defined for the Airframe segment is attributable to the same factors described in the paragraph above for the Power & Control segment.

EBITDA As Defined from acquisitions for the Power & Control and Airframe segments increased approximately \$36 million in the aggregate. EBITDA As Defined from acquisitions represents EBITDA As Defined from acquired businesses for the period up to one year from the respective acquisition date.

The change in Non-aviation EBITDA As Defined compared to the thirteen week period in the prior fiscal year was not material.

Corporate expenses consist primarily of compensation, benefits, professional services and other administrative costs incurred by the corporate offices. An immaterial amount of corporate expenses is allocated to the operating segments.

Liquidity and Capital Resources

We have historically maintained a capital structure comprising a mix of equity and debt financing. We vary our leverage both to optimize our equity return and to pursue acquisitions. We expect to meet our current debt obligations as they come due through internally generated funds from current levels of operations and/or through refinancing in the debt markets prior to the maturity dates of our debt.

The following tables present selected balance sheet, cash flow and other financial data relevant to the liquidity or capital resources of the Company for the periods specified below (amounts in millions):

	December 28, 2024	September 30, 2024
Selected Balance Sheet Data:		
Cash and cash equivalents	\$ 2,459	\$ 6,261
Working capital (Total current assets less total current liabilities)	3,872	3,690
Total assets	21,515	25,586
Total debt ⁽¹⁾	25,049	24,880
TD Group stockholders' deficit	(6,258)	(6,290)

⁽¹⁾ Includes debt issuance costs and original issue discount. Reference Note 8, "Debt," in the notes to the condensed consolidated financial statements included herein for additional information.

	Thirteen Week Periods Ended	
	December 28, 2024	December 30, 2023
Selected Cash Flow and Other Financial Data:		
Cash flows provided by (used in):		
Operating activities	\$ 752	\$ 636
Investing activities	(24)	(50)
Financing activities	(4,516)	67
Capital expenditures	42	36
Ratio of earnings to fixed charges ⁽¹⁾	2.6x	2.6x

⁽¹⁾ For purposes of computing the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income taxes plus fixed charges. Fixed charges consist of interest expense, amortization of debt issuance costs and original issue discount and the "interest component" of rental expense.

Significant Transactions of Fiscal 2025

On October 18, 2024, the Company paid the special cash dividend of \$75.00 per outstanding share of common stock declared in September 2024, totaling \$4,216 million, and \$131 million in cash dividend equivalent payments on vested options outstanding under its stock option plans associated with the September 2024 dividend declaration.

During the first quarter of fiscal 2025, the Company repurchased 252,800 shares of common stock at an average price of 1,248.65 per share for a total amount of \$316 million. The Company may make additional share repurchases during the remainder of fiscal 2025. Whether the Company undertakes additional share repurchases or other aforementioned activities will depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors.

* * * * *

If the Company has excess cash, it generally prioritizes allocating the excess cash in the following manner: (1) capital spending at existing businesses, (2) acquisitions of businesses, (3) payment of a special dividend and/or repurchases of our common stock and (4) prepayment of indebtedness or repurchase of debt.

The Company's ability to make scheduled interest payments on, or to refinance, the Company's indebtedness, or to fund non-acquisition related capital expenditures and research and development efforts, will depend on the Company's ability to generate cash in the future. This is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control.

The Company's objective is to maintain an allocation of at least 75% fixed rate and 25% variable rate debt thereby limiting its exposure to changes in near-term interest rates. Interest rate swaps, caps and collars used to hedge and offset, respectively, the variable interest rates on our term loans are further described in Note 11, "Derivatives and Hedging Activities," in the notes to the condensed consolidated financial statements included herein. As of December 28, 2024, approximately 75% of our gross debt was fixed rate.

As of December 28, 2024, the Company has significant cash liquidity as illustrated in the table presented below (in millions):

	As of December 28, 2024
Cash and cash equivalents	\$ 2,459
Availability on revolving credit facility	849
Cash liquidity	\$ 3,308

We believe our significant cash liquidity will allow us to meet our anticipated funding requirements. We expect to meet our short-term cash liquidity requirements (including interest obligations and capital expenditures) through net cash from operating activities, cash on hand and, if needed, draws on the revolving credit facility. Long-term cash liquidity requirements consist primarily of obligations under our long-term debt agreements. There is no maturity on any tranche of term loans or notes until November 2027.

In connection with the continued application of our three core value-driven operating strategy (obtaining profitable new business, continually improving our cost structure and providing highly engineered value-added products to customers), we expect our efforts will continue to generate strong margins and provide sufficient cash provided by operating activities to meet our interest obligations and liquidity needs. We believe our cash provided by operating activities and available borrowing capacity will enable us to make strategic business acquisitions, pay dividends to our shareholders and make opportunistic investments in our own stock, subject to any restrictions in our existing credit agreement and market conditions.

The Company may issue additional debt if prevailing market conditions are favorable to doing so. In addition, the Company may increase its borrowings in connection with acquisitions, if cash flow from operating activities becomes insufficient to fund current operations or for other short-term cash needs or for common stock repurchases or dividends. Our future leverage will also be impacted by the then current conditions of the credit markets.

Operating Activities. The Company generated \$752 million of net cash from operating activities during the thirteen week period ended December 28, 2024 compared to \$636 million during the thirteen week period ended December 30, 2023.

The change in accounts receivable during the thirteen week period ended December 28, 2024 was a source of cash of \$80 million compared to a source of cash of \$94 million during the thirteen week period ended December 30, 2023. The decrease in the source of cash of \$14 million is primarily attributable to the timing of cash receipts. The Company continues to actively manage its accounts receivable, the related agings and collection efforts.

The change in inventories during the thirteen week period ended December 28, 2024 was a use of cash of \$79 million compared to a use of cash of \$78 million during the thirteen week period ended December 30, 2023. The slight increase in the use of cash is due to an increase in inventory purchases to support the increase in bookings partially offset by higher sales activity. The Company continues to actively and strategically manage inventory levels in response to the ongoing supply chain challenges.

The change in accounts payable during the thirteen week period ended December 28, 2024 was a use of cash of \$3 million compared to a use of cash of \$21 million during the thirteen week period ended December 30, 2023. The change is due to the timing of payments to suppliers.

Investing Activities. Net cash used in investing activities was \$24 million during the thirteen week period ended December 28, 2024, consisting primarily of capital expenditures of \$42 million and acquisitions of certain product lines completed during the first quarter of 2025 for \$29 million; partially offset by other investing transactions inflows of \$47 million.

Net cash used in investing activities was \$50 million during the thirteen week period ended December 30, 2023, consisting primarily of capital expenditures of \$36 million and the acquisition of a certain product line for \$13 million.

Financing Activities. Net cash used in financing activities was \$4,516 million during the thirteen week period ended December 28, 2024. The use of cash was primarily attributable to dividend and dividend equivalent payments of \$4,396 million and repurchases of common stock of \$316 million; partially offset by an additional draw from the trade receivable securitization facility, including fees, of \$163 million and proceeds from stock option exercises of \$35 million.

Net cash provided by financing activities was \$67 million during the thirteen week period ended December 30, 2023. The source of cash was primarily attributable to the net proceeds of short-term and long-term debt, including fees, of \$2,071 million and proceeds from stock option exercises of \$52 million; partially offset by dividend and dividend equivalent payments of \$2,038 million.

Contractual Obligations

We have future obligations under various contracts relating to debt and interest payments, finance and operating leases, pension and post-retirement benefit plans and purchase obligations. During the thirteen week period ended December 28, 2024, there were no material changes to these obligations as reported in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024.

Description of Senior Secured Term Loans and Indentures

Senior Secured Term Loans Facilities

As of December 28, 2024, TransDigm has \$8,702 million in fully drawn term loans (the “Term Loans Facility”) and an \$910 million revolving credit facility. The Term Loans Facility consists of four tranches of term loans as follows (aggregate principal amount disclosed is as of December 28, 2024):

Term Loans Facility	Aggregate Principal	Maturity Date	Interest Rate
Tranche I	\$1,871 million	August 24, 2028	Term SOFR plus 2.75%
Tranche J	\$3,632 million	February 28, 2031	Term SOFR plus 2.50%
Tranche K	\$1,699 million	March 22, 2030	Term SOFR plus 2.75%
Tranche L	\$1,500 million	January 19, 2032	Term SOFR plus 2.50%

The Term Loans Facility requires quarterly aggregate principal payments of \$22 million. Due to the timing of our quarter-end, no payments were made in the first quarter of fiscal 2025. The revolving commitments consist of two tranches which include up to \$139 million of multicurrency revolving commitments. At December 28, 2024, the Company had \$61 million in letters of credit outstanding and \$849 million in borrowings available under the revolving commitments. Draws on the revolving commitments are subject to an interest rate of Term SOFR plus 2.25%. The unused portion of the revolving commitments is subject to a fee of 0.5% per annum. The maturity date of the revolving credit facility is February 27, 2029.

The interest rates per annum applicable to the Term Loans Facility under the Second Amended and Restated Credit Agreement dated as of June 4, 2014 (the “Credit Agreement”) are, at TransDigm’s option, equal to either an alternate base rate or an adjusted Term SOFR for one, three or six-month interest periods chosen by TransDigm, in each case plus an applicable margin percentage. The adjusted Term SOFR related to the Term Loans Facility are not subject to a floor. Refer to Note 11, “Derivatives and Hedging Activities,” in the notes to the condensed consolidated financial statements included herein for information about how our interest rate swaps, cap and collar agreements are used to hedge and offset, respectively, the variable interest rate portion of our debt.

Indentures

The following table represents the senior subordinated and secured notes outstanding as of December 28, 2024:

Description	Aggregate Principal	Maturity Date	Interest Rate
5.50% 2027 Notes	\$2,650 million	November 15, 2027	5.50%
2028 Secured Notes	\$2,100 million	August 15, 2028	6.75%
4.625% 2029 Notes	\$1,200 million	January 15, 2029	4.625%
2029 Secured Notes	\$2,750 million	March 1, 2029	6.375%
4.875% 2029 Notes	\$750 million	May 1, 2029	4.875%
2030 Secured Notes	\$1,450 million	December 15, 2030	6.875%
2031 Secured Notes	\$1,000 million	December 1, 2031	7.125%
2032 Secured Notes	\$2,200 million	March 1, 2032	6.625%
2033 Secured Notes	\$1,500 million	January 15, 2033	6.00%

The 5.50% 2027 Notes, the 4.625% 2029 Notes and the 4.875% 2029 Notes (collectively, the “Subordinated Notes”) were issued at a price of 100.00% of the principal amount. The 2030 Secured Notes, 2032 Secured Notes and 2033 Secured Notes (which, along with the 2028 Secured Notes, 2029 Secured Notes and 2031 Secured Notes, are collectively referred to as the “Secured Notes”) were issued at a price of 100.00% of its principal amount. The initial \$1,000 million offering and the subsequent \$1,100 million offering of the 6.75% senior secured notes due 2028 (collectively, the “2028 Secured Notes”) in the second quarter of fiscal 2023 were issued at a price of 100.00% and 99.00%, respectively, of their principal amount, resulting in gross proceeds of \$2,089 million. The 2031 Secured Notes was issued in the first quarter of fiscal 2024 at a price of 99.25% of its principal amount, resulting in gross proceeds of \$993 million. The initial \$2,200 million offering and subsequent \$550 million offering of the 6.375% senior secured notes due 2029 (collectively, the “2029 Secured Notes”) in the second quarter of fiscal 2024 were issued at a price of 100.00% and 99.75%, respectively, of their principal amount, resulting in gross proceeds of \$2,749 million.

The Subordinated Notes and Secured Notes do not require principal payments prior to their maturity. Interest under the Subordinated Notes and Secured Notes are payable semi-annually. The Subordinated Notes represent our unsecured obligations ranking subordinate to our senior debt, as defined in the applicable indentures. The Secured Notes represent our secured obligations ranking equally to all existing and future senior debt, as defined in the applicable indentures. The Subordinated Notes and Secured Notes contain many of the restrictive covenants included in the Credit Agreement. TransDigm is in compliance with all of the covenants contained in the Subordinated Notes and Secured Notes.

Guarantor Information

The Subordinated Notes are subordinated to all of our existing and future senior secured debt, including indebtedness under TransDigm’s existing senior secured credit facilities, rank equally with all of our existing and future senior subordinated debt and rank senior to all of our future debt that is expressly subordinated to the Subordinated Notes. The Subordinated Notes are fully and unconditionally guaranteed on a senior subordinated unsecured basis by TD Group, TransDigm UK and TransDigm Inc.’s Domestic Restricted Subsidiaries (as defined in the applicable indentures). The table set forth in Exhibit 22.1 filed with this Form 10-Q details the primary obligors and guarantors. The guarantees of the Subordinated Notes are subordinated to all of the guarantors’ existing and future senior debt, rank equally with all of their existing and future senior subordinated debt and rank senior to all of their future debt that is expressly subordinated to the guarantees of the Subordinated Notes. The Subordinated Notes are structurally subordinated to all of the liabilities of TD Group’s non-guarantor subsidiaries.

The Secured Notes are senior secured debt of TransDigm and rank equally in right of payment with all of TransDigm’s existing and future senior secured debt, including indebtedness under TransDigm’s existing senior secured credit facilities, and are senior in right of payment to all of TransDigm’s existing and future senior subordinated debt, including the Subordinated Notes. The 2028 Secured Notes are guaranteed on a senior secured basis by TD Group, TransDigm UK and TransDigm Inc.’s Domestic Restricted Subsidiaries (as defined in the applicable indentures). The 2029 Secured Notes, 2030 Secured Notes, 2031 Secured Notes, 2032 Secured Notes and 2033 Secured Notes are guaranteed on a senior secured basis by TD Group and each of TransDigm Inc.’s direct and indirect Restricted Subsidiaries (as defined in the applicable indenture) that is a borrower or guarantor under TransDigm’s senior secured credit facilities or that issues or guarantees any capital markets indebtedness of TransDigm Inc. or any of the guarantors in an aggregate principal amount of at least \$200 million. As of the date of this Form 10-Q, the guarantors of the 2029 Secured Notes, 2030 Secured Notes, 2031 Secured Notes, 2032 Secured Notes and 2033 Secured Notes are the same as the guarantors of the 2028 Secured Notes. The table set forth in Exhibit 22.1 filed with this Form 10-Q details the primary obligors and guarantors. The guarantees of the Secured Notes rank equally in right of payment with all of the guarantors’ existing and future senior secured debt and are senior in right of payment to all of their existing and future senior subordinated debt. The Secured Notes are structurally subordinated to all of the liabilities of TransDigm’s non-guarantor subsidiaries.

Separate financial statements of TransDigm Inc. are not presented because the Subordinated Notes and Secured Notes are fully and unconditionally guaranteed on a senior subordinated unsecured basis (if Subordinated Notes) and senior secured basis (if Secured Notes) by TD Group, TransDigm UK and all of TransDigm Inc.’s Domestic Restricted Subsidiaries. TD Group has no significant operations or assets separate from its investment in TransDigm Inc.

The financial information presented is that of TD Group, TransDigm Inc. and the other Guarantors, which includes TransDigm UK, on a combined basis and the financial information of non-issuer and non-guarantor subsidiaries has been excluded. Intercompany balances and transactions between TD Group, TransDigm Inc. and the other Guarantors have been eliminated, and amounts due from, amounts due to, and transactions with non-issuer and non-guarantor subsidiaries have been presented separately.

(in millions)	As of December 28, 2024	
Current assets	\$	3,903
Goodwill		8,199
Other non-current assets		3,892
Current liabilities		1,217
Non-current liabilities		25,138
Amounts due (from) to subsidiaries that are non-issuers and non-guarantors-net		(1,680)

(in millions)	Thirteen Week Period Ended December 28, 2024	
Net sales	\$	1,588
Sales to subsidiaries that are non-issuers and non-guarantors		7
Cost of sales		607
Expense from subsidiaries that are non-issuers and non-guarantors-net		12
Income from operations		341
Net income attributable to TD Group		341

Certain Restrictive Covenants in Our Debt Documents

The Credit Agreement and the Indentures governing the Notes and Secured Notes contain restrictive covenants that, among other things, limit the incurrence of additional indebtedness, the payment of special dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances, and prepayments of certain other indebtedness.

The restrictive covenants included in the Credit Agreement are subject to amendments executed periodically. The most recent amendment that impacted the restrictive covenants contained in the Credit Agreement is Amendment No. 15, executed on March 22, 2024.

Under the terms of the Credit Agreement, TransDigm is entitled, on one or more occasions, to request additional term loans or additional revolving commitments to the extent that the existing or new lenders agree to provide such incremental term loans or additional revolving commitments provided that, among other conditions, our consolidated net leverage ratio would be no greater than 7.25x and the consolidated secured net debt ratio would be no greater than 5.00x, in each case, after giving effect to such incremental term loans or additional revolving commitments.

If any such default occurs, the lenders under the Credit Agreement and the holders of the Notes and Secured Notes may elect to declare all outstanding borrowings, together with accrued interest and other amounts payable thereunder, to be immediately due and payable. The lenders under the Credit Agreement also have the right in these circumstances to terminate any commitments they have to provide further borrowings. In addition, following an event of default under the Credit Agreement, the lenders thereunder and the holders of the Secured Notes will have the right to proceed against the collateral granted to them to secure the debt, which includes our available cash, and they will also have the right to prevent us from making debt service payments on the Notes.

With the exception of the revolving credit facility, the Company has no maintenance covenants in its existing term loan and indenture agreements. Under the Credit Agreement, if the usage of the revolving credit facility exceeds 40% (or, currently, \$364 million) of the total revolving commitments, the Company is required to maintain a maximum consolidated net leverage ratio of net debt to trailing four-quarter EBITDA As Defined of 7.50x (or, solely with respect to the first four fiscal quarters ending after the consummation of any material acquisition, 8.00x) as of the last day of the fiscal quarter.

As of December 28, 2024, the Company was in compliance with all of its debt covenants and expects to remain in compliance with its debt covenants in subsequent periods.

Trade Receivable Securitization Facility

During fiscal 2014, the Company established a trade receivable securitization facility (the “Securitization Facility”). The Securitization Facility effectively increases the Company’s borrowing capacity depending on the amount of the domestic operations’ trade accounts receivable. The Securitization Facility includes the right for the Company to exercise annual one year extensions as long as there have been no termination events as defined by the agreement. The Company uses the proceeds from the Securitization Facility as an alternative to other forms of debt, effectively reducing borrowing costs.

On July 12, 2024, the Company amended the Securitization Facility to, among other things, (i) increase the borrowing capacity from \$450 million to \$650 million; and (ii) extend the maturity date to July 11, 2025 at an interest rate of Term SOFR plus 1.45% compared to an interest rate of Term SOFR plus 1.60% that applied prior to the amendment.

During the first quarter of fiscal 2025, the Company drew the remaining \$163 million available under the Securitization Facility. As of December 28, 2024, the Company has borrowed \$650 million under the Securitization Facility, which is fully drawn. At December 28, 2024, the applicable interest rate was 6.08%. The Securitization Facility is collateralized by substantially all of the Company’s domestic operations’ trade accounts receivable.

Dividend and Dividend Equivalent Payments

Pursuant to the Fourth Amended and Restated TransDigm Group Incorporated 2006 Stock Incentive Plan Dividend Equivalent Plan, the Amended and Restated 2014 Stock Option Plan Dividend Equivalent Plan and the 2019 Stock Option Plan Dividend Equivalent Plan, all of the vested options granted under the existing stock option plans, except for grants to the members of the Board of Directors, are entitled to certain dividend equivalent payments in the event of the declaration of a dividend by the Company. In August 2022, all members of the Board of Directors at that time executed amendments to their option agreements resulting in the directors no longer receiving dividend equivalent payments in cash, but rather for dividends declared after June 1, 2022, dividends result in a reduction of strike price.

No dividends were declared in the first quarter of fiscal 2025. In September 2024, TransDigm's Board of Directors authorized and declared a special cash dividend of \$75.00 on each outstanding share of common stock. On October 18, 2024, the Company paid the special cash dividend, totaling \$4,216 million. Dividend equivalent payments are made during the Company's first fiscal quarter each year and also upon payment of any dividends declared. Total dividend equivalent payments in the first quarter of fiscal 2025 were approximately \$180 million, \$131 million of which was associated with the September 2024 special dividend declaration.

Any future declaration of special cash dividends on our common stock will be at the discretion of our Board of Directors and will depend upon our results of operations, earnings, capital requirements, financial condition, future prospects, contractual restrictions under the Credit Agreement and indentures governing the Notes, the availability of surplus under Delaware law and other factors deemed relevant by our Board of Directors. TD Group is a holding company and conducts all of its operations through direct and indirect subsidiaries. Unless TD Group receives dividends, distributions, advances, transfers of funds or other payments from our subsidiaries, TD Group will be unable to pay any dividends on our common stock in the future. The ability of any subsidiaries to take any of the foregoing actions is limited by the terms of our Term Loans Facility and indentures and may be limited by future debt or other agreements that we may enter into.

Off-Balance Sheet Arrangements

The Company utilizes letters of credit to back certain payment and performance obligations. Letters of credit are subject to limits based on amounts outstanding under the Company’s revolving credit facility. As of December 28, 2024, the Company had \$61 million in letters of credit outstanding.

Non-GAAP Financial Measures

We present below certain financial information based on our EBITDA and EBITDA As Defined. References to “EBITDA” mean earnings before interest, taxes, depreciation and amortization, and references to “EBITDA As Defined” mean EBITDA plus, as applicable for each relevant period, certain adjustments as set forth in the reconciliations of net income to EBITDA and EBITDA As Defined and the reconciliations of net cash provided by operating activities to EBITDA and EBITDA As Defined presented below.

Neither EBITDA nor EBITDA As Defined is a measurement of financial performance under U.S. GAAP. We present EBITDA and EBITDA As Defined because we believe they are useful indicators for evaluating operating performance and liquidity.

Our management believes that EBITDA and EBITDA As Defined are useful as indicators of liquidity because securities analysts, investors, rating agencies and others use EBITDA to evaluate a company’s ability to incur and service debt. In addition, EBITDA As Defined is useful to investors because the revolving credit facility under our senior secured credit facility requires compliance under certain circumstances, on a pro forma basis, with a financial covenant that measures the ratio of the amount of our secured indebtedness to the amount of our Consolidated EBITDA defined in the same manner as we define EBITDA As Defined herein.

In addition to the above, our management uses EBITDA As Defined to review and assess the performance of the management team in connection with employee incentive programs and to prepare its annual budget and financial projections. Moreover, our management uses EBITDA As Defined to evaluate acquisitions.

Although we use EBITDA and EBITDA As Defined as measures to assess the performance of our business and for the other purposes set forth above, the use of these non-GAAP financial measures as analytical tools has limitations, and you should not consider any of them in isolation, or as a substitute for analysis of our results of operations as reported in accordance with U.S. GAAP. Some of these limitations are:

- neither EBITDA nor EBITDA As Defined reflects the significant interest expense, or the cash requirements, necessary to service interest payments on our indebtedness;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and neither EBITDA nor EBITDA As Defined reflects any cash requirements for such replacements;
- the omission of the substantial amortization expense associated with our intangible assets further limits the usefulness of EBITDA and EBITDA As Defined;
- neither EBITDA nor EBITDA As Defined includes the payment of taxes, which is a necessary element of our operations; and
- EBITDA As Defined excludes the cash expense we have incurred to integrate acquired businesses into our operations, which is a necessary element of certain of our acquisitions.

Because of these limitations, EBITDA and EBITDA As Defined should not be considered as measures of discretionary cash available to us to invest in the growth of our business. Management compensates for these limitations by not viewing EBITDA or EBITDA As Defined in isolation and specifically by using other U.S. GAAP measures, such as net income, net sales and operating profit, to measure our operating performance. Neither EBITDA nor EBITDA As Defined is a measurement of financial performance under U.S. GAAP, and neither should be considered as an alternative to net income or cash flow from operations determined in accordance with U.S. GAAP. Our calculation of EBITDA and EBITDA As Defined may not be comparable to the calculation of similarly titled measures reported by other companies.

The following table sets forth a reconciliation of net income to EBITDA and EBITDA As Defined (in millions):

	Thirteen Week Periods Ended	
	December 28, 2024	December 30, 2023
Net Income	\$ 493	\$ 382
Adjustments:		
Depreciation and amortization expense	90	71
Interest expense-net	378	300
Income tax provision	126	106
EBITDA	1,087	859
Adjustments:		
Acquisition transaction and integration-related expenses ⁽¹⁾	13	2
Non-cash stock and deferred compensation expense ⁽²⁾	25	51
Other, net ⁽³⁾	(64)	—
EBITDA As Defined	\$ 1,061	\$ 912

⁽¹⁾ Represents costs incurred to integrate acquired businesses into TD Group's operations; facility relocation costs and other acquisition-related costs; transaction and valuation-related costs for acquisitions comprising deal fees, legal, financial and tax due diligence expenses; and amortization expense of inventory step-up recorded in connection with the purchase accounting of acquired businesses.

⁽²⁾ Represents the compensation expense recognized by TD Group under our stock option plans and deferred compensation plans.

⁽³⁾ Primarily represents foreign currency transaction (gains) or losses, payroll withholding taxes related to dividend equivalent payments and stock option exercises, non-service related pension costs, deferred compensation payments and other miscellaneous (income) expense, such as gain on sale of business.

The following table sets forth a reconciliation of net cash provided by operating activities to EBITDA and EBITDA As Defined (in millions):

	Thirteen Week Periods Ended	
	December 28, 2024	December 30, 2023
Net cash provided by operating activities	\$ 752	\$ 636
Adjustments:		
Changes in assets and liabilities, net of effects from acquisitions and sales of businesses	(188)	(111)
Interest expense-net ⁽¹⁾	369	289
Income tax provision-current	128	106
Amortization of inventory step-up	(7)	(1)
Loss contract amortization	19	5
Gain on sale of businesses, net	19	—
Non-cash stock and deferred compensation expense ⁽²⁾	(25)	(51)
Foreign currency exchange gains (losses)	20	(14)
EBITDA	1,087	859
Adjustments:		
Acquisition transaction and integration-related expenses ⁽³⁾	13	2
Non-cash stock and deferred compensation expense ⁽²⁾	25	51
Other, net ⁽⁴⁾	(64)	—
EBITDA As Defined	\$ 1,061	\$ 912

⁽¹⁾ Represents interest expense, net of interest income, excluding the amortization of debt issuance costs and discount on debt.

⁽²⁾ Represents the compensation expense recognized by TD Group under our stock option plans and deferred compensation plans.

⁽³⁾ Represents costs incurred to integrate acquired businesses into TD Group's operations; facility relocation costs and other acquisition-related costs; transaction and valuation-related costs for acquisitions comprising deal fees, legal, financial and tax due diligence expenses; and amortization expense of inventory step-up recorded in connection with the purchase accounting of acquired businesses.

⁽⁴⁾ Primarily represents foreign currency transaction (gains) or losses, payroll withholding taxes related to dividend equivalent payments and stock option exercises, non-service related pension costs, deferred compensation payments and other miscellaneous (income) expense, such as gain on sale of business.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The information called for by this item is provided under the caption “*Description of Senior Secured Term Loans and Indentures*” in Part I, Item 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*. Market risks are described more fully within *Quantitative and Qualitative Disclosures About Market Risk* in Part II, Item 7A of our most recent Annual Report on Form 10-K (for the fiscal year ended September 30, 2024, filed on November 7, 2024). These market risks have not materially changed for the first quarter of fiscal year 2025.

ITEM 4. CONTROLS AND PROCEDURES

As of December 28, 2024, TD Group carried out an evaluation, under the supervision and with the participation of TD Group’s management, including its President, Chief Executive Officer and Director (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), of the effectiveness of the design and operation of TD Group’s disclosure controls and procedures. Based upon that evaluation, the President, Chief Executive Officer and Director and Chief Financial Officer concluded that TD Group’s disclosure controls and procedures are effective to ensure that information required to be disclosed by TD Group in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to TD Group’s management, including its President, Chief Executive Officer and Director and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, TD Group’s management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in designing and evaluating the controls and procedures.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting that occurred during the fiscal quarter ended December 28, 2024, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II: OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

The Company is involved in various claims and legal actions arising in the ordinary course of business. SEC regulations require us to disclose certain information about environmental proceedings when a governmental authority is a party to the proceedings if we reasonably believe that such proceedings may result in monetary sanctions above a stated threshold. Pursuant to such regulations, the Company uses a threshold of \$1 million or more for purposes of determining whether disclosure of any such proceedings is required as we believe matters under this threshold are not material to the Company. While the Company is currently involved in certain legal proceedings, it believes the results of these proceedings will not have a material adverse effect on its financial condition, results of operations, or cash flows.

Information with respect to our legal proceedings is contained in Note 13, “Commitments and Contingencies,” in Part IV, Item 15. *Exhibits and Financial Statement Schedules*, of our Annual Report on Form 10-K for the fiscal year ended September 30, 2024, filed on November 7, 2024. There have been no material changes to this information.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the risk factors disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2024, filed on November 7, 2024. There have been no material changes to the risk factors described in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS: PURCHASES OF EQUITY SECURITIES BY THE ISSUER

The following table presents information about repurchases of TransDigm Group Inc. common stock made by us during the first quarter of fiscal year 2025 (in millions, except shares and average price per share data):

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
October 1, 2024 - October 26, 2024	—	\$ —	—	\$ 1,288
October 27, 2024 - November 23, 2024	42,413	1,248.74	42,413	1,235
November 24, 2024 - December 28, 2024	210,387	1,248.64	210,387	972
Total	252,800	\$ 1,248.65	252,800	

⁽¹⁾ On January 27, 2022, our Board of Directors authorized a new stock repurchase program permitting repurchases of our outstanding shares not to exceed \$2,200 million in the aggregate (the “\$2,200 million stock repurchase program”), replacing the \$650 million stock repurchase program, subject to any restrictions specified in the Credit Agreement and indentures governing the existing Notes. There is no expiration date for this program. Refer to Note 5, “Stock Repurchase Program” in the notes to the condensed consolidated financial statements included herein for further information.

ITEM 6. EXHIBITS

Exhibit No.	Description	Filed Herewith or Incorporated by Reference From
3.1	Certificate of Amendment of Certificate of Incorporation, filed December 6, 2024, of CPI EDB Intermediate Holdings, Inc.	Filed Herewith
3.2	Certificate of Amendment of Certificate of Incorporation, filed December 6, 2024, of CPI Electron Device Business Inc.	Filed Herewith
22.1	Listing of Subsidiary Guarantors	Filed Herewith
31.1	Certification by Principal Executive Officer of TransDigm Group Incorporated pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed Herewith
31.2	Certification by Principal Financial Officer of TransDigm Group Incorporated pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed Herewith
32.1	Certification by Principal Executive Officer of TransDigm Group Incorporated pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished Herewith
32.2	Certification by Principal Financial Officer of TransDigm Group Incorporated pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished Herewith
101.INS	Inline XBRL Instance Document: The XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	Filed Herewith
101.SCH	Inline XBRL Taxonomy Extension Schema	Filed Herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase	Filed Herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase	Filed Herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase	Filed Herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase	Filed Herewith
104	Cover Page Interactive Data File: the cover page XBRL tags are embedded within the Inline XBRL document and are contained within Exhibit 101	Filed Herewith

SIGNATURES

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

TRANSDIGM GROUP INCORPORATED

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Kevin Stein</u> Kevin Stein	President, Chief Executive Officer and Director (Principal Executive Officer)	February 4, 2025
<u>/s/ Sarah Wynne</u> Sarah Wynne	Chief Financial Officer (Principal Financial Officer)	February 4, 2025

STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION

The corporation organized and existing under the General Corporation Law of the State of Delaware, hereby certifies as follows:

- 1. The name of the corporation is CPI Intermediate Holdings, Inc..
- 2. The Certificate of Incorporation of the corporation is hereby amended by changing the Article thereof numbered FIRST so that, as amended, said Article shall be and read as follows:

The name of the corporation is CPI EDB Intermediate Holdings, Inc.

- 3. That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

By: /s/ Jessica L. Warren
Authorized Officer

Name: Jessica L. Warren
Print or Type

STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION

The corporation organized and existing under the General Corporation Law of the State of Delaware, hereby certifies as follows:

- 1. The name of the corporation is CPI International, Inc..
- 2. The Certificate of Incorporation of the corporation is hereby amended by changing the Article thereof numbered FIRST so that, as amended, said Article shall be and read as follows:

The name of the corporation is CPI Electron Device Business, Inc.

- 3. That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

By: /s/ Jessica L. Warren
Authorized Officer

Name: Jessica L. Warren
Print or Type

LISTING OF SUBSIDIARY GUARANTORS

The following series of senior subordinated and secured notes issued by TransDigm Inc., a wholly owned subsidiary of TransDigm Group Incorporated, are unconditionally guaranteed, on a joint and several basis, by TransDigm Group Incorporated and each of the subsidiaries listed below under “Subsidiary Guarantors.”

Description

5.50% senior subordinated notes due 2027 (“5.50% 2027 Notes”)
 6.75% senior secured notes due 2028 (“2028 Secured Notes”)
 4.625% senior subordinated notes due 2029 (“4.625% 2029 Notes”)
 6.375% senior secured notes due 2029 (“2029 Secured Notes”)
 4.875% senior subordinated notes due 2029 (“4.875% 2029 Notes”)
 6.875% senior secured notes due 2030 (“2030 Secured Notes”)
 7.125% senior secured notes due 2031 (“2031 Secured Notes”)
 6.625% senior secured notes due 2032 (“2032 Secured Notes”)
 6.00% senior secured notes due 2033 (“2033 Secured Notes”)

Subsidiary Guarantors

Jurisdiction of Incorporation or Organization

4455 Genesee Properties, LLC	Delaware
4455 Genesee Street, LLC	Delaware
17111 Waterview Pkwy LLC	Delaware
Acme Aerospace, Inc.	Delaware
Adams Rite Aerospace, Inc.	California
AeroControlex Group, Inc.	Delaware
Aerosonic LLC	Delaware
Airborne Acquisition, Inc.	Delaware
Airborne Global, Inc.	Delaware
Airborne Holdings, Inc.	Delaware
Airborne Systems NA Inc.	Delaware
Airborne Systems North America Inc.	Delaware
Airborne Systems North America of CA Inc.	Delaware
Airborne Systems North America of NJ Inc.	New Jersey
AmSafe Global Holdings, Inc.	Delaware
AmSafe, Inc.	Delaware
Angus Electronics Co.	Delaware
Apical Industries, Inc.	California
Arkwin Industries, Inc.	New York
Armtec Countermeasures Co.	Delaware
Armtec Countermeasures TNO Co.	Delaware
Armtec Defense Products Co.	Delaware
Ashford Properties, LLC	Delaware
Auxitrol Weston USA, Inc.	Delaware
Aviation Technologies, Inc.	Delaware
Avionic Instruments LLC	Delaware
Avionics Specialties, Inc.	Virginia
AvtechTyee, Inc.	Washington
Beta Transformer Technology LLC	Delaware
Breeze-Eastern LLC	Delaware

Subsidiary Guarantors	Jurisdiction of Incorporation or Organization
Bridport Erie Aviation, Inc.	Delaware
Bridport Holdings, Inc.	Delaware
Bridport-Air Carrier, Inc.	Washington
Bruce Aerospace Inc.	Delaware
Calspan Air Facilities, LLC	New York
Calspan Air Services, LLC	New York
Calspan ASE Portugal, Inc.	Minnesota
Calspan Holdings, LLC	New York
CALSPAN JETS LLC	Delaware
Calspan Technology Acquisition LLC	Delaware
Calspan, LLC	New York
CDA InterCorp LLC	Florida
CEF Industries, LLC	Delaware
Champion Aerospace LLC	Delaware
Chelton Avionics Holdings, Inc.	Delaware
Chelton Avionics, Inc.	Delaware
Chelton Defense Products, Inc.	Delaware
CMC Electronics Aurora LLC	Delaware
CPI EDB Intermediate Holdings, Inc.	Delaware
CPI Electron Device Business, Inc.	Delaware
CTHC LLC	New York
Dart Aerospace USA, Inc.	Washington
Dart Buyer, Inc.	Delaware
Dart Helicopter Services, Inc.	Delaware
Dart Intermediate, Inc.	Delaware
Dart TopCo, Inc.	Delaware
Data Device Corporation	Delaware
Dukes Aerospace, Inc.	Delaware
Electromech Technologies LLC	Delaware
Esterline Europe Company LLC	Delaware
Esterline International Company	Delaware
Esterline Technologies Corporation	Delaware
Esterline Technologies SGIP LLC	Delaware
FPT Industries LLC	Delaware
Genesee Holdings II, LLC	New York
Genesee Holdings III, LLC	New York
Genesee Holdings, LLC	New York
HarcoSemco LLC	Connecticut
Hartwell Corporation	California
Heli Tech, Inc.	Oregon
Hytek Finishes Co.	Delaware
Iceman Holdco, Inc.	Delaware
ILC Holdings, Inc.	Delaware
Janco Corporation	California

Subsidiary Guarantors	Jurisdiction of Incorporation or Organization
Johnson Liverpool LLC	Delaware
King Nutronics, LLC	Delaware
Kirkhill Inc.	Delaware
Korry Electronics Co.	Delaware
Leach Holding Corporation	Delaware
Leach International Corporation	Delaware
Leach Mexico Holding LLC	Delaware
Leach Technology Group, Inc.	Delaware
MarathonNorco Aerospace, Inc.	Delaware
Mason Electric Co.	Delaware
McKechnie Aerospace DE, Inc.	Delaware
McKechnie Aerospace Holdings, Inc.	Delaware
McKechnie Aerospace US LLC	Delaware
Medtherm Labs, LLC	Delaware
Microwave Power Products, Inc.	Delaware
NAT Seattle Inc.	Delaware
NMC Group, Inc.	California
Nordisk Aviation Products LLC	Delaware
North Hills Signal Processing Corp.	Delaware
North Hills Signal Processing Overseas LLC	Delaware
Norwich Aero Products Inc.	New York
Offshore Helicopter Support Services, Inc.	Louisiana
Palomar Products, Inc.	Delaware
Paravion Technology, Inc.	Colorado
Pexco Aerospace, Inc.	Delaware
PneuDraulics, Inc.	California
Power Device Corporation	New York
Raptor Labs HoldCo, LLC	Delaware
Raptor Labs Intermediate, LLC	Delaware
Schneller LLC	Delaware
Semco Instruments, Inc.	Delaware
Sensor Concepts, LLC	Delaware
Shield Restraint Systems, Inc.	Delaware
Simplex Manufacturing Co.	Oregon
Skandia, Inc.	Illinois
Skurka Aerospace Inc.	Delaware
Space Electronics LLC	Delaware
Symetrics Industries, LLC	Florida
TA Aerospace Co.	California
Tactair Fluid Controls, Inc.	New York
TDG ESL Holdings Inc.	Delaware
TEAC Aerospace Technologies, Inc.	Delaware
Telair US LLC	Delaware
TestVonics, Inc.	New Hampshire

Subsidiary Guarantors

Texas Rotronics, Inc.
TransDigm UK Holdings Limited
Transicoil LLC
Whippany Actuation Systems, LLC
Young & Franklin Inc.

**Jurisdiction of
Incorporation or Organization**

Texas
United Kingdom
Delaware
Delaware
New York

CERTIFICATION

I, Kevin Stein, certify that:

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

Date: February 4, 2025

/s/ Kevin Stein

Name: Kevin Stein

Title: President, Chief Executive Officer and Director

(Principal Executive Officer)

CERTIFICATION

I, Sarah Wynne, certify that:

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

Date: February 4, 2025

/s/ Sarah Wynne

Name: Sarah Wynne

Title: Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of TransDigm Group Incorporated (the "Company") for the quarter ended December 28, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin Stein, President, Chief Executive Officer and Director (Principal Executive Officer), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and
2. The information contained in the Report fairly presents in all material respects, the financial condition of the Company as of the dates indicated and results of operations of the Company for the periods indicated.

Date: February 4, 2025

/s/ Kevin Stein

Name: Kevin Stein

Title: President, Chief Executive Officer and Director
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of TransDigm Group Incorporated (the "Company") for the quarter ended December 28, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sarah Wynne, Chief Financial Officer (Principal Financial Officer), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and
2. The information contained in the Report fairly presents in all material respects, the financial condition of the Company as of the dates indicated and results of operations of the Company for the periods indicated.

Date: February 4, 2025

/s/ Sarah Wynne

Name: Sarah Wynne

Title: Chief Financial Officer
(Principal Financial Officer)