UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT

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

Date of Report (Date of earliest event Reported): August 4, 2023

HEICO CORPORATION

(Exact name of registrant as specified in its charter)

Florida	**001-04604**	**65-0341002**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

3000 Taft Street, Hollywood, Florida 33021
(Address of Principal Executive Offices) (Zip Code)

(954) 987-4000
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $.01 par value per share	**HEI**	**New York Stock Exchange**
Class A Common Stock, $.01 par value per share	**HEI.A**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2).

Emerging growth company ☐

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

Explanatory Note

As previously disclosed, on May 15, 2023, HEICO Corporation, a Florida corporation (the "Company"), and its newly formed wholly owned subsidiary Magnolia MergeCo Inc., a Delaware corporation ("Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement") to acquire Jazz Parent, Inc., a Delaware corporation (the "Target"), the owner of Wencor Group ("Wencor"), with the Target and Jazz Topco GP LLC, a Delaware limited liability company, solely in its capacity as representative for purposes of certain provisions of the Merger Agreement. Wencor is a large commercial and military aircraft aftermarket company offering factory-new FAA-approved aircraft replacement parts, value-added distribution of high-use commercial & military aftermarket parts and aircraft & engine accessory component repair and overhaul services.

On August 4, 2023, the Company completed the previously announced Merger (as defined below). As contemplated by the Merger Agreement, Merger Sub merged with and into the Target, with the Target continuing as the surviving entity and a wholly owned subsidiary of the Company (the "Merger"). Pursuant to the Merger Agreement, Target's stockholders received (i) cash consideration in an amount equal to $1.9 billion, less certain working capital, debt and other customary adjustments set forth in the Merger Agreement and (ii) 1,137,628 validly issued, fully paid and non-assessable shares of the Company's Class A common stock, par value $0.01 per share. The Company funded the cash consideration with funds available under its revolving credit facility and with proceeds from its offering of $600.0 million in aggregate principal amount of 5.250% Senior Notes due 2028 and $600.0 million in aggregate principal amount of 5.350% Senior Notes due 2033.

The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Merger Agreement, which is attached hereto as Exhibit 2.1 and incorporated herein by reference.

The Company is filing this amendment to the Current Report on Form 8-K, as filed with the Securities and Exchange Commission on August 10, 2023 (the "Original 8-K"), to amend and supplement the Original 8-K ("Amendment No. 1") to include financial statements of Wencor and pro forma financial information as required by Item 9.01(a) and 9.01(b) of Form 8-K. This Amendment No. 1 should be read together with the Original 8-K.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired

The financial statements of the Target required by Item 9.01(a) of Form 8-K are filed herewith as Exhibits 99.1, 99.2, and 99.3 and are incorporated herein by reference.

(b) Pro Forma Financial Information

The pro forma financial information required by Item 9.01(b) of Form 8-K is filed herewith as Exhibit 99.4 and are incorporated herein by reference.

(d) Exhibits

Exhibit	Description
2.1	Agreement and Plan of Merger by and among HEICO Corporation, Magnolia MergeCo Inc., Jazz Parent, Inc. and Jazz Topco GP LLC, is incorporated by reference to Exhibit 2.1 to the Form 8-K filed on May 18, 2023. *
23.1	Consent of PricewaterhouseCoopers LLP.
99.1	Audited Consolidated Financial Statements of Jazz Parent, Inc. as of and for the year ended December 31, 2022.
99.2	Unaudited Consolidated Financial Statements of Jazz Parent, Inc. as of and for the three month period ended December 31, 2022.
99.3	Unaudited Consolidated Financial Statements of Jazz Parent, Inc. as of and for the six month period ended June 30, 2023.
99.4	Unaudited Pro Forma Condensed Combined Financial Statements.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby undertakes to furnish copies of any of the omitted schedules upon request by the Securities and Exchange Commission.

SIGNATURE

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 hereunto duly authorized.

HEICO CORPORATION

Date: October 18, 2023

By: /s/ CARLOS L. MACAU, JR.

Carlos L. Macau, Jr.
Executive Vice President -
Chief Financial Officer
(Principal Financial Officer)

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-273742, 333-273297) and S-8 (Nos. 333-223790, 333-210043, 333-180454, 33-4945) of Heico Corporation of our report dated July 21, 2023 relating to the financial statements of Jazz Parent, Inc., which appears in this Current Report on Form 8-K/A.

/s/ PricewaterhouseCoopers LLP

Salt Lake City, Utah
October 18, 2023

Jazz Parent, Inc.

Consolidated Financial Statements
Year Ended December 31, 2022

Jazz Parent, Inc.
Index
December 31, 2022

Report of Independent Auditors

To the Management and Board of Directors of Jazz Parent, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Jazz Parent, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statements of operations and comprehensive income, of shareholders' equity and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ PricewaterhouseCoopers LLP

Salt Lake City, Utah
July 21, 2023

Jazz Parent, Inc.
Consolidated Balance Sheet
December 31, 2022
In thousands, except share amounts

		2022
Assets		
Current assets		
Cash	$	24,157
Accounts receivable, net of allowance of $2,122		70,693
Inventories, net		217,714
Other current assets		3,815
Total current assets		316,379
Property and equipment, net		28,159
Right of use assets		13,407
Goodwill		317,241
Intangible assets, net		189,560
Other assets		1,367
Total assets	$	866,113
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$	36,912
Accrued expenses		32,872
Long-term debt, current portion		4,520
Operating leases, current portion		2,288
Finance leases, current portion		1,827
Total current liabilities		78,419
Long-term debt, net of current portion		581,481
Operating leases, net of current portion		11,666
Finance leases, net of current portion		7,752
Deferred tax liabilities		32,074
Total liabilities		711,392
Commitments and contingencies (Note 12)		
Shareholders' equity		
Common Stock, $.01 par value, 1,000 shares authorized, issued and outstanding		-
Additional paid-in-capital		431,640
Accumulated deficit		(276,919)
Total shareholders' equity		154,721
Total liabilities and shareholders' equity	$	866,113

The accompanying notes are an integral part of these consolidated financial statements.

Jazz Parent, Inc.
Consolidated Statement of Operations and Comprehensive Income
Year Ended December 31, 2022
In thousands, except share amounts

		2022
Net sales	$	487,530
Cost of sales		300,866
Gross profit		186,664
Operating expenses		
Selling, general and administrative expenses		112,264
Restructuring cost		-
Total operating expenses		112,264
Operating income		74,400
Other expense		
Interest expense, net		(47,033)
Other expense, net		(183)
Total other expense		(47,216)
Income before income taxes		27,184
Income tax provision		(6,644)
Net income	$	20,540

The accompanying notes are an integral part of these consolidated financial statements.

Jazz Parent, Inc.
Consolidated Statement of Shareholders' Equity
Year Ended December 31, 2022
In thousands, except share amounts

	Jazz Parent, Inc. and Subsidiaries Common Stock		Additional Paid-in Capital	(Accumulated Deficit)	Total
	Shares	Amount			
Balance at December 31, 2021	1,000	$ -	$ 425,469	$ (297,459)	$ 128,010
Net income	-	-	-	20,540	20,540
Capital distribution to shareholders	-	-	(1,985)	-	(1,985)
Capital contribution from shareholders	-	-	8,156	-	8,156
Balance at December 31, 2022	1,000	$ -	$ 431,640	$ (276,919)	$ 154,721

The accompanying notes are an integral part of these consolidated financial statements.

Jazz Parent, Inc.
Consolidated Statement of Cash Flows
Year Ended December 31, 2022
(In thousands, except share amounts)

	2022
Cash flows from operating activities	
Net income	$ 20,540
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	7,663
Amortization of intangible assets	17,338
Amortization of debt issuance costs	2,387
Equity-based compensation expense	5,021
Bad debt recovery	(1,018)
Write off of obsolete and excess inventory	4,966
Loss on disposal of property and equipment	717
Deferred income tax provision	(1,391)
Non-cash lease expense	2,615
Other non-cash	404
Changes in assets and liabilities, net of effects of acquisitions	
Accounts receivable	(15,724)
Inventories	(45,952)
Other assets	7,797
Accounts payable	11,451
Accrued expenses	2,274
Other liabilities	(2,068)
Net cash provided by operating activities	17,020
Cash flows from investing activities	
Purchase of property and equipment	(5,097)
Purchase of business, net of cash acquired	(20,262)
Proceeds from sale of property and equipment	79
Net cash used in investing activities	(25,280)
Cash flows from financing activities	
Payments on long-term debt	(5,350)
Payments for finance leases in 2022	(1,590)
Capital contribution from shareholders	3,135
Capital distribution to shareholders	(1,985)
Net cash used in financing activities	(5,790)
Net decrease in cash	(14,050)
Cash	
Beginning of year	38,207
End of year	$ 24,157
Supplemental disclosure of cash flow information	
Cash paid for interest	$ 43,815
Cash paid for taxes	3,194
Noncash investing and financing activities	
Purchase of property and equipment included in accounts payable	98

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization

The accompanying consolidated financial statements include the accounts of Jazz Parent, Inc. and its wholly owned subsidiaries (collectively, the "Company") as of and for the year ended December 31, 2022.

Headquartered in Peachtree City, Georgia, the Company is a leading designer, repair provider and distributor of aftermarket aerospace components to the commercial, military, and general aviation aircraft sectors. Customers include commercial airlines, brokers, dealers, maintenance, repair, and overhaul ("MRO") providers and governments, both in the United States and foreign countries. The Company's component design and proprietary repair capabilities allow it to provide lower cost maintenance alternatives to airline and MRO customers for their replacement part and repair needs.

2. Significant Accounting Policies

Basis of Presentation and Principles of Consolidation
The Company's accounting and reporting policies conform to accounting principles generally accepted in the United States ("GAAP"). The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and majority-owned subsidiaries in which it has a controlling interest. All intercompany transactions and balances have been eliminated.

Cash
Substantially all the Company's cash is held by a regional bank with headquarters in Salt Lake City, Utah. The Company does not believe that, because of this concentration, it is subject to any unusual financial risk beyond the normal risk associated with commercial banking relationships. Deposits in financial institutions may, at times, exceed federally insured limits.

Accounts Receivable
Trade receivables consist primarily of short-term receivables from independently owned and operated dealers and customers which arise in the normal course of business. The Company performs regular credit evaluations of dealers and customers and generally does not require collateral.

The Company maintains an allowance for doubtful accounts for estimated losses resulting primarily from the inability of customers to make required payments and for adjustments to invoiced amounts. Losses resulting from the inability of customers to make required payments are accounted for as bad debt expense, while adjustments to invoices are accounted for as reductions to revenue. These allowances are established using historical write-off information to project future experience and by considering the current creditworthiness of customers, any known specific collection problems, and an assessment of current industry and economic conditions. Actual experience may differ significantly from historical or expected loss results. The Company writes off accounts receivable when they become uncollectible, and any payments subsequently received are accounted for as recoveries.

Inventories
Inventories consist principally of assembled and unassembled finished goods and are stated at the lower of cost or net realizable value, with cost being determined by the specific identification method. Inventories determined to be excess or obsolete are charged to cost of sales in the period in which this determination is made by management, or to restructuring expense if associated with a restructuring activity.

Contract Acquisition Costs
Costs incurred in connection with entering contracts with customers are capitalized and amortized on a straight-line basis over the life of the contract. The capitalized costs are classified in other assets on the consolidated balance sheet while the related amortization is classified as a reduction of net sales. Other assets included $50 of capitalized costs as of December 31, 2022, have a remaining weighted-average contractual life of 1.25 years, and amortization of such costs totaled $40.

Property and Equipment
Property and equipment is stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred, whereas significant replacements and improvements are capitalized and subsequently depreciated. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the consolidated statement of operations and comprehensive income. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (asset group) may not be recoverable. Recoverability of assets is determined by comparing the estimated undiscounted net cash flows of the operations related to the assets (asset group) to their carrying amount. An impairment loss would be recognized when the carrying amount of the assets (asset group) exceeds the estimated undiscounted net cash flows. The amount of the impairment loss to be recorded is measured as the excess of the carrying value of the assets (asset group) over their fair value, with fair value determined using the best information available, which generally is a discounted cash flow model. The determination of what constitutes as asset group, the associated estimated undiscounted net cash flows, and the estimated useful lives of the assets also require significant judgments.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Furniture and fixtures	5 years
Computer equipment	3-5 years
Equipment	3-5 years
Vehicles	5 years
Leasehold improvements	1-15 years
Buildings	10-13 years

Goodwill and Indefinite-Lived Intangible Assets
Goodwill is not amortized but rather is tested for impairment on an annual basis, or more frequently if an event or change in circumstances indicates that impairment may have occurred. The Company uses a two-step analysis to test goodwill for impairment. In the first step, the Company performs a qualitative assessment analyzing current economic indicators associated with a reporting unit such as economic, market and industry conditions, business strategy, cost factors and financial performance. If the qualitative assessment indicates a stable or an increase in fair value, no further analysis is performed. If the qualitative assessment indicates that a significant

(In thousands, except share and per share amounts)

decline in the fair value of a reporting unit is more likely than not, or if a reporting unit's fair value has historically been closer to its carrying value, the Company performs a quantitative assessment calculating the fair value of a reporting unit. If the quantitative assessment indicates that the carrying value of a reporting unit is more than its fair value, an impairment charge is recorded as the difference between the reporting unit's carrying value and its fair value. The estimated fair value of reporting units with goodwill is determined using similar market transactions and discounted cash flows which incorporate various assumptions including discount and growth rates applicable to each reporting unit. The Company performs its annual impairment analysis as of December 1 each year.

Like goodwill, indefinite-lived intangible assets are tested for impairment on an annual basis, or more frequently if an event or change in circumstances indicates that impairment may have occurred. To determine if impairment exists, the Company estimates the fair value of its indefinite-lived intangible assets using discounted cash flows and compares such amount to the related carrying value. If the estimated fair value is less than the related carrying value, an impairment charge is recorded for the difference. The Company performs its annual impairment analysis as of December 1 each year.

Intangible Assets Subject to Amortization

Intangible assets subject to amortization are amortized over their estimated useful lives and are stated at cost less accumulated amortization. These assets are tested for impairment when facts and circumstances indicate that the carrying value of the asset may not be recoverable or that its useful life may need to be reassessed. Amortization is computed on a straight-line basis over the following estimated useful lives and has a total weighted-average amortization period of 16.5 years.

	Estimated Useful Life	Weighted-Average Amortization Period
Customer relationships	15-20 years	17.1 years
Part Manufacturing Authority ("PMA") rights	15 years	15 years
Repair process technology	15 years	15 years
Trademarks	10-15 years	10.5 years

Debt Issuance Costs

Debt issuance costs are amortized using the effective-interest method over the term of the related debt, except for deferred financing costs related to the revolving line of credit which are amortized on a straight-line basis over the term of the revolving line of credit.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of the differences between the financial reporting and income tax bases of their assets and liabilities.

Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The Company evaluates the probability of realizing the future benefits of its deferred tax assets and provides a valuation allowance for the portion of such deferred tax assets where the likelihood of realizing the related income tax benefit in the future does not meet the "more-likely-than-not" criteria for recognition.

The Company recognizes the tax effect of an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. As of December 31, 2022, the Company has not recorded a liability for uncertain tax positions – however, the Company's income tax returns for the tax years 2016 through 2022 remain subject to examination by the Internal Revenue Service and state authorities.

Equity Compensation
Equity-based compensation expense related to employee equity-based awards is recorded based on the estimated fair value of the awards as determined on the date of grant using the Black-Scholes option-pricing model or other relevant pricing models, based on the structure of the award. Equity-based compensation cost is recognized on a straight-line basis over the service period for time-based awards and recognized using the graded vesting method over the performance period for performance-based awards when it is probable that the performance criteria will be met. The Company does not estimate forfeitures but rather accounts for forfeitures as they occur.

Revenue from Contracts with Customers
The Company's contracts have a single performance obligation. Revenues are recognized when the performance obligation is completed, which occurs at a point in time, typically upon transfer of control of the products to the customer. Certain contracts give rise to variable consideration when they contain items such as customer rebates, credits, volume purchase discounts, penalties and other provisions that may impact the total consideration the Company will receive. The Company includes variable consideration in the transaction price generally by applying the most likely amount method to estimate the consideration that it expects to be entitled to receive based on an assessment of all available information (i.e., historical experience, current and forecasted performance) and only to the extent it is probable that a significant reversal of revenue recognized will not occur when the uncertainty is resolved.

Cost of Sales
Cost of sales includes product costs, direct labor, direct warehousing costs and inbound and outbound shipping costs.

Research and Development Costs
Expenditures for research and development are expensed as incurred.

Risks and Uncertainties
In the normal course of business, the Company provides credit terms to its customers without collateral. Based on the nature of the Company's operations, its credit risk is primarily concentrated in the commercial and military aircraft industry. Additionally, the Company is required to comply with certain product specifications and documentation standards to supply parts to its customers.

Fair Value Measurements
The Company uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those related to excess and obsolete inventory, fair values for purchase price allocations in business combinations, impairment analyses for goodwill and long-lived assets, equity compensation, customer returns and allowances, and the allowance for uncollectible accounts receivable. Actual results could differ from these estimates.

Government Grants

As a result of the COVID-19 pandemic, the United States government enacted relief legislation to help combat the economic effects of the pandemic, including payroll expense reimbursement. The Company applied for and received a government grant to offset payroll expenses through the Aviation Manufacturing Jobs Protection Program (“AMJP”) of $4,689. Repayment of the AMJP grant is not required – however, in return, the Company committed it would not furlough or lay off certain eligible employees during a six-month period or would be required to repay a portion of the grant. The Company offset the grant against the wages of the eligible employees which includes $760 within cost of sales and $1,227 within selling, general, and administrative expenses in 2022.

The Company accounted for such proceeds as in-substance government grants by analogizing to International Accounting Standard 20, “Accounting for Government Grants and Disclosure of Government Assistance”.

Recently Issued and Adopted Accounting Standards

In November 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2021-10—Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance to provide increased transparency by requiring business entities to disclose information about certain types of government assistance they receive in the notes to the financial statements. The guidance is effective for annual periods beginning after December 15, 2021, with early adoption permitted. The Company has chosen to early adopt and provided the details above.

In March 2020, the Company adopted ASU 2020-04, which was codified as Accounting Standard Codification (“ASC”) Topic 848, “Reference Rate Reform” (“ASC 848”). ASC 848 resulted from the announcement by the United Kingdom’s Financial Conduct Authority that banks will no longer be required to utilize LIBOR as of the end of 2021. Currently, some of the Company’s debt agreements incorporate a reference to LIBOR. Pursuant to ASC 848, the Company will properly transition to a new reference rate when LIBOR is retired.

(In thousands, except share and per share amounts)

In August 2018, the FASB issued ASU No. 2018-15, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. This ASU provides guidance on the accounting for implementation costs related to a cloud computing arrangement that is a service contract. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within that fiscal year. The Company adopted this ASU in the first quarter of fiscal year 2021, with prospective application and no material impact to the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). This update requires recognition of lease assets and lease liabilities on the balance sheet of lessees. ASU 2016-02 is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2021. The Company adopted ASU 2016-02 and related updates as of January 1, 2022 using the modified retrospective approach, with the cumulative effect of the initial application recognized at the date of adoption. Under this effective date method, financial results reported prior to January 1, 2022 are unchanged. The Company has elected the practical expedient package where an entity need not reassess whether any expired or existing contracts are or contain leases, the lease classification for any expired or existing leases, or the initial direct costs for any existing leases. The Company also elected the practical expedient package for short-term lease exception which allows the Company to not recognize leases with a contractual term of less than 12 months of the balance sheet.

The Company has reviewed all its current active leases and has implemented the necessary processes and systems to comply with the requirements of ASU 2016-02. Upon adoption of ASU 2016-02, the Company recognized a Right of Use ("ROU") asset on its books for the net present value of all its active leases with terms greater than 12 months, with an offsetting lease liability. The ROU asset and corresponding lease liability will be amortized over the course of the lease term, which includes all options that the Company expects it will exercise.

The Consolidated Balance Sheet impact of the adoption of ASU 2016-02 was an increase to ROU assets of $9,230 and an increase to operating lease liabilities of $9,509. The adoption of ASU 2016-02 did not have a material impact to net income or cash flows.

3. Inventories

Inventories consist of the following:

		2022
Raw materials	$	60
Work in process		9,756
Finished goods		207,898
	$	217,714

Obsolete and excess inventory of $4,966 was charged to cost of sales during the year ended December 31, 2022.

(In thousands, except share and per share amounts)

4. Property and Equipment

Property and equipment consist of the following:

	2022
Furniture and fixtures	$ 2,082
Computer equipment	14,368
Equipment	32,227
Vehicles	142
Leasehold improvements	8,210
Construction in progress	2,253
Buildings	13,269
	72,551
Less: Accumulated depreciation	(44,392)
	$ 28,159

Depreciation expense of $7,663 was recorded during the year ended December 31, 2022.

5. Goodwill and Intangible Assets

Changes in goodwill consist of the following:

	2022
Beginning balance	$ 310,867
Additions to goodwill	6,374
Ending balance	$ 317,241

Changes in intangible assets consist of the following:

	2022
Beginning balance	$ 195,898
Additions to intangible assets	11,000
Amortization of intangible assets	(17,338)
Ending balance	$ 189,560

(In thousands, except share and per share amounts)

The carrying amounts of intangible assets are summarized as follows:

	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Accumulated Business Restructuring	Net Carrying Amount
Balance as of January 1, 2022	$ 385,529	$ (121,730)	$ (54,859)	$ (13,042)	$ 195,898
Intangible assets subject to amortization					
Part manufacturing authority rights	$ 33,900	$ (18,006)	$ (2,365)	$ (61)	$ 13,468
Customer relationships	239,509	(95,578)	(11,461)	(12,148)	120,322
Trademarks	11,800	(5,573)	(1,000)	(615)	4,612
Repair process technology	40,050	(19,546)	(2,128)	(218)	18,158
Non-compete agreements	570	(365)	(205)	-	-
Intangible assets not subject to amortization					
Trademarks	70,700	-	(37,700)	-	33,000
Balance as of December 31, 2022	$ 396,529	$ (139,068)	$ (54,859)	$ (13,042)	$ 189,560

As of December 31, 2022, the Company's future amortization of definite-lived intangible assets is expected to be as follows:

Year ending December 31,	
2023	$ 17,832
2024	17,751
2025	17,609
2026	17,586
2027	17,479
Thereafter	68,303
	$ 156,560

6. Acquisitions

On October 14, 2022, the Company finalized a stock purchase agreement to purchase substantially all the assets of Aviatron Inc. in exchange for $21,199 in cash, and it is included in the accompanying consolidated financial statements from that date. The primary reason for the purchase was to obtain the customer relationships and related revenues. The acquisition was accounted for as a business combination and as a result, the purchase price was assigned to assets acquired and liabilities assumed based on their respective fair values at the date of acquisition. The excess of the purchase price over the fair values of the assets acquired and liabilities assumed was classified as goodwill and relates to expected synergies from combining operations and increased sales to the Company's larger customer base. The Company estimates that none of the goodwill acquired will be deductible for income tax purposes.

The fair value of the assets acquired includes trademark and repair process technology, determined using the relief from royalty method, and customer relationships which were determined using the multi-period excess earnings method. Both methods estimate discounted cash flows over the estimated life of the assets. The fair value measurements noted are based on significant inputs that are not observable in the market, or Level 3 inputs (see discussion of the fair value in Note 2). Key assumptions include a discount rate range of 18% to 19% and forecasted revenue projections.

(In thousands, except share and per share amounts)

Acquisition-related costs associated with this purchase totaled $915 and are recorded in selling, general and administrative expenses in the consolidated statement of operations and comprehensive income.

The following table reflects the final purchase price allocation for this acquisition:

Cash	$ 937
Accounts receivable	1,178
Inventory	5,063
Other assets	27
Property and equipment	520
ROU assets	376
Trademark	400
Repair process technology	3,300
Customer relationships	7,300
Goodwill	6,374
Total assets	25,475
Accounts payable	561
Accrued expenses	626
Operating lease liability	376
Deferred tax liability	2,713
Total liabilities	4,276
Purchase price	$ 21,199

7. Accrued Expenses

Accrued expenses consist of the following:

	2022
Salary related accruals	$ 12,447
Miscellaneous accrued liabilities	11,299
Sales rebate accruals	4,696
Health insurance accruals	995
Professional services accruals	2,574
Accrued commissions	540
Interest payable	321
	$ 32,872

(In thousands, except share and per share amounts)

8. Long-Term Debt

Long-term debt of the Company consists of the following:

		2022
First lien initial term loan	$	391,838
First lien incremental term loan		48,375
First lien delayed draw incremental term loan		29,550
Second lien term loan		125,000
Debt issuance cost		(8,762)
Total long-term debt		586,001
Less: Current portion, revolving line and first liens		(6,850)
Less: Current portion, debt issuance cost		2,330
Long-term debt, net of current portion	$	581,481

The First Lien initial term loan bears interest based on the Alternate Base Rate “ABR” (defined for initial term loans as Prime Rate plus an applicable rate ranging from 3.00% to 3.25%), or Term SOFR (defined for initial term loans as the Term SOFR Reference Rate as published by the CME Group Benchmark Administration Limited plus an applicable rate ranging from 4.00% to 4.25%). The applicable rates are indexed to the Company’s First Lien net leverage ratio (as defined) and adjusted each reporting period based on its operating results. Principal on the First Lien is payable quarterly in installments equal to 0.25% of the initial borrowing amount of $405,000 with the balance due at maturity on June 19, 2026. The interest rate on the First Lien initial term loan was 8.42% on December 31, 2022.

In October 2020, the Company entered into Incremental Facility Amendment No. 1 to the First Lien Credit Agreement which added an incremental term loan in the amount of $50,000. This First Lien incremental term loan bears interest based on the ABR (which is defined for this incremental term loan as Prime Rate plus an applicable rate of 6.50%), or Eurocurrency (defined as London Inter-Bank Offer Rate (“LIBOR”) plus an applicable rate of 7.50%). Principal on the First Lien incremental term loan is payable quarterly in installments equal to 0.25% of the initial principal amount with respect to any fiscal quarter ending on or prior to September 30, 2022, and 1.25% of the initial principal amount with respect to any fiscal quarter ending after September 30, 2022. The First Lien incremental term loan is due on the maturity date of January 29, 2027. The interest rate on the First Lien incremental term loan was 11.88% on December 31, 2022.

In September 2021, the Company entered into Amendment No. 3 to the First Lien Credit Agreement which added a First Lien Delayed Draw incremental term loan in the amount of $30,000. This First Lien Delayed Draw incremental term loan bears interest based on the ABR (which is defined for this incremental term loan as Prime Rate plus an applicable rate of 6.00%), or Eurocurrency (defined as LIBOR plus an applicable rate of 7.00%). Principal on the First Lien Delayed Draw incremental term loan is payable quarterly in installments equal to 0.25% of the initial principal amount, with the balance due on the maturity date of January 29, 2027. The interest rate on the First Lien Delayed Draw incremental term loan was 11.38% on December 31, 2022.

The Second Lien term loan bears interest based on the ABR (defined for this second lien term loan as Prime Rate plus an applicable rate of 7.00%), or Eurocurrency (defined as LIBOR plus an applicable rate of 8.00%). The Second Lien term loan is due on the maturity date of June 19, 2027. The interest rate on the Second Lien was 12.38% on December 31, 2022.

(In thousands, except share and per share amounts)

The Company has access to a revolving line of credit that bears interest based on the ABR (defined for revolving loans as Prime Rate plus an applicable rate ranging from 2.75% to 3.25%), or Term SOFR (defined for revolving loans as the Term SOFR Reference Rate as published by the CME Group Benchmark Administration Limited plus an applicable rate ranging from 3.75% to 4.25%). The applicable rates are indexed to the Company's First Lien net leverage ratio and adjusted each reporting period based on its operating results. The revolving line of credit expires on June 19, 2024. The available capacity of the revolving line of credit was $75,000 on both December 31, 2022 and 2021. The outstanding balance on the revolving line of credit was $0 on both December 31, 2022 and 2021.

The revolving line of credit and term loans are collateralized by the Company's entire accounts receivable and inventories.

Under the terms of the revolving line of credit and term loans, the Company must comply with certain restrictive covenants, including those which prevent the Company from paying dividends to its partners and may require the Company to use excess cash flow, as defined, to reduce the balances outstanding.

Under the terms and definitions of the senior secured credit facilities as of December 31, 2022, the Company's First Lien net leverage ratio cannot exceed 7.75. However, this covenant is only calculated and applicable when the balance outstanding on the revolving line of credit exceeds 35% of the available borrowing capacity or $26,250, whichever is greater.

The following is a schedule of future principal payments on the Company's line of credit and term loans as of December 31, 2022:

Year ending December 31,	
2023	$ 6,850
2024	6,850
2025	6,850
2026	382,488
2027	191,725
Thereafter	-
	$ 594,763

(In thousands, except share and per share amounts)

9. Income Taxes

The components of income tax expense are as follows:

	2022
Current income tax expense	
Federal	$ 7,631
State and local	404
	8,035
Deferred income tax expense	
Federal	(1,664)
State and local	273
	(1,391)
Provision for income taxes	$ 6,644

The provision for income taxes is different than the amount computed using the U.S. statutory income tax rate primarily due to state taxes, meals and entertainment, provisional impact of the Tax Cuts and Jobs Act ("Tax Reform Act"), and other permanent differences.

A reconciliation of the federal statutory income tax rate to the Company's effective tax rate is as follows:

	2022
Federal statutory rate	21.0%
State income tax, net of federal benefit	2.2%
Permanent differences	5.6%
Change in valuation allowance - credits	-6.7%
RTP + true ups	2.3%
Effective tax rate	**24.4%**

(In thousands, except share and per share amounts)

The components of deferred income tax assets and liabilities are as follows and are classified as long term on the consolidated balance sheet:

	2022
Deferred tax assets	
Compensation accruals	$ 2,307
Net operating loss carryforwards	636
Inventories	12,390
Reserves and other	585
Accrued liabilities	1,197
Transaction expense	3,131
Capital loss carryforward	41
Deferred financing costs	25
Leases	5,183
Georgia job tax credit	327
163(j) disallowance	15,994
Capitalized expenses	836
Total deferred tax assets	42,652
Deferred tax liabilities	
Prepaid insurance	(159)
Property and equipment	(4,900)
ROU Asset	(2,950)
481a	(1,420)
Goodwill and intangibles	(34,115)
Total deferred tax liabilities	(43,544)
Valuation allowance	(31,182)
Deferred taxes, net	$ (32,074)

The Company had no remaining federal net operating loss carryforwards as of December 31, 2022. The Company had $636 state net operating loss carryforwards as of December 31, 2022. These net operating losses are subject to varying carryover provisions which expire beginning March 15, 2036.

The Company recognized valuation allowances of $31,182 as of December 31, 2022. The valuation allowances for the year ended December 31, 2022 are related to all deferred tax assets as the Company believed it more likely than not that the deferred tax assets may not be realized.

On March 27, 2020, H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act, “the CARES ACT”, was signed into law. It includes provisions impacting taxes for years 2018-2020. The Company availed itself of some of these provisions, including the temporary reduction of the interest expense disallowance from 30% to 50% of adjusted taxable income, the eligibility of bonus depreciating leasehold improvement property, and the suspension of the 80% limitation of taxable income for net operating loss carryforwards.

10. Shareholders' Equity

Under the Company's Articles of Incorporation, it is authorized to issue 1,000 shares of common stock with a $.01 par value.

11. Equity Compensation

Restricted Stock

The 2014 Jazz TopCo Management Incentive Unit Plan (the "Plan") provides for the issuance of restricted Jazz TopCo units to certain employees, directors, and affiliates of the Company. Typically, the granted units vest over five years based on continuous employment of the recipient and the Company's financial performance. Certain vesting restrictions may also apply in the event of a change of control. The Compensation Committee (the "Committee") of Jazz TopCo administers the Plan and determines award types, conditions, targets, and has the authority to make changes to the current plan or authorize additional units. It also has the sole discretion to accelerate the vesting of any portion of the time or performance-based units, which otherwise would not vest pursuant to the Plan provisions.

As of December 31, 2022, 586,000 Jazz TopCo units have been authorized for issuance under the plan, of which 485,890 units have been granted.

Continuous Employment Conditions

On December 31, 2022, there were 158,574 units outstanding that vest based on continuous employment with the Company. The time-based units vest in 20% increments on the anniversary of each grant. In the case of a liquidity event, all the time-based units will become fully vested.

Performance Conditions

Annual EBITDA – On December 31, 2022, there were 173,510 performance-based units outstanding that vest based upon the achievement of annual EBITDA targets, as defined in the grant agreements. Generally, these performance-based units will vest 20% upon the achievement of the annual EBITDA target. In December 2022, the Company modified performance targets for awards vesting in the current period. Performance targets for periods beyond 2022 will be defined in future periods. As the future performance targets are not defined, the Company has not recorded any compensation expense for these awards which will be further evaluated as the annual performance targets are determined in the future.

Cumulative EBITDA – On December 31, 2022, there were 153,806 performance-based units outstanding that vest if the cumulative EBITDA of the Company equals or exceeds the cumulative EBITDA target determined by the Committee, over a five-year period. In December 2022, the Company modified performance targets for awards vesting in the current period. Performance targets for periods beyond 2022 will be defined in future periods. As the future performance targets are not defined, the Company has not recorded any compensation expense for these awards which will be further evaluated as the cumulative performance targets are determined in the future.

All outstanding unvested performance-based units will vest upon a sale of the Company or following an Initial Public Offering ("IPO") of the Company or Jazz TopCo if the principal investors collectively have received proceeds greater than or equal to a multiple of the invested capital. No expense is recognized until the event is probable of occurring. Any performance-based units that have not vested upon a sale of the Company, an IPO, or when the principal investors no longer hold interests in the Company, will be forfeited.

(In thousands, except share and per share amounts)

The following table sets forth the summary of activity under the Company plan:

	Units	Weighted-Average Grant-Date Fair Value
Nonvested as of December 31, 2021	307,652	$ 36.68
Granted	83,101	65.35
Vested	(88,855)	57.91
Forfeited	(25,230)	61.04
Cancelled	(68,501)	30.15
Nonvested as of December 31, 2022	208,167	$ 56.76

Equity Compensation Expense
The fair value of equity-based awards, issued under the Plan, on the date of grant is determined using an option-pricing model which requires assumptions regarding complex and subjective variables. These variables include the expected unit price volatility over the term of the awards, actual and projected employee service, risk-free interest rate and expected dividends.

The estimated expected volatility is based on historical data of comparable public companies. The expected term represents the period that units granted are expected to be outstanding. The risk-free rate assumed in valuing the units is based on the U.S. Treasury rate in effect at the time of grant for the expected term of the units. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore used an expected dividend yield of zero in the pricing model.

Equity compensation expense totaled $5,021 for the year ended December 31, 2022 and is included in selling, general and administrative expense for that period. On December 31, 2022, unrecognized equity compensation expense related to units under the Plan was $2,021 and is expected to be recognized over a weighted-average period of 3.3 years. Unrecognized equity compensation expense related to units under the Plan that are not deemed to be probable of vesting was approximately $14,382.

The assumptions used to value the unit grants under the Plan, using the Black-Scholes model are as follows:

	2022
Expected term (years)	5.00
Expected volatility	51.31 %
Dividend yield	0.00 %
Risk-free interest rate	3.53 %

12. Commitments and Contingencies

Leases

In accordance with ASU 2016-02, adopted on January 1, 2022 (see Note 2), the Company determines if an arrangement is a lease at the inception of a signed agreement. Operating leases are included in ROU assets (long-term), short-term operating lease liabilities, and long-term operating lease liabilities on the Company's consolidated balance sheet. Finance leases are included in Property, Plant and Equipment, short-term finance lease liabilities, and long-term finance lease liabilities.

ROU assets represent the right of the Company to use an underlying asset for the length of the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

To determine the present value of lease payments, the Company uses its estimated incremental borrowing rate or the implicit rate, if readily determinable. The estimated incremental borrowing rate is based on information available at the lease commencement date, including any recent debt issuances and publicly available data for instruments with similar characteristics. The ROU asset also includes any lease payments made and excludes lease incentives.

The Company's lease terms may include options to extend or terminate the lease and, when it is reasonably certain that an option will be exercised, those options are included in the net present value calculation. Leases with a term of 12 months or less are not recorded on the balance sheet. The aggregate amount of lease cost for leases with a term of 12 months or less is not material.

The Company currently has operating and finance leases for warehouses, offices, and manufacturing equipment. The Company's active leases have remaining lease terms that range between less than one year to 11 years.

Comparable information presented in the financial statements for periods prior to January 1, 2022 represent legacy GAAP treatment of leases. For more information on the effective date and transition approach for implementation, see Note 2, Significant Accounting Policies.

Lease expense under operating leases totaled $3,763, including $330 of variable expense, for the year ended December 31, 2022. Lease expense under finance leases totaled $2,527 for the year ended December 31, 2022, comprised of $1,900 for amortization of assets, and $627 for interest expense.

(In thousands, except share and per share amounts)

Supplemental cash flow information for activity since the adoption of ASU 2016-02 is as follows:

	For the Twelve Months Ended Dec 31, 2022
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 2,068
Operating cash flows from finance leases	627
Financing cash flows from finance leases	1,590
ROU assets obtained in exchange for lease obligations:	
Operating leases	6,792

Amounts disclosed for ROU assets obtained in exchange for lease obligations include amounts added to the carrying amount of ROU assets resulting from lease modifications.

The Company has leasing arrangements for both equipment and real estate property that are accounted for as finance leases, as follows:

	2022
Supplemental balance sheet information related to finance leases:	
Property and equipment, gross	$ 16,415
Accumulated amortization	(7,719)
Property and equipment, net	$ 8,696

The Company records finance lease asset amortization as depreciation expense and it is included in selling, general and administrative expenses on the Consolidated Statement of Operations and Comprehensive Income.

The weighted average remaining lease term as of December 31, 2022 for operating and finance leases was 5.4 years and 7.1 years, respectively. The weighted average discount rate as of December 31, 2022 for operating and finance leases was 8.9% and 6.0%, respectively.

(In thousands, except share and per share amounts)

Future minimum payments under operating and finance leases as of December 31, 2022 are as follows:

	Operating Leases	Finance Leases
Year ending December 31,		
2023	$ 3,451	$ 2,337
2024	3,212	2,371
2025	2,936	1,712
2026	2,975	651
2027	2,542	671
Thereafter	2,755	3,865
Less: Interest expense	(3,917)	(2,028)
Total obligations	$ 13,954	$ 9,579

Litigation
The Company is party to certain lawsuits arising in the ordinary course of business. Management and legal counsel do not believe that the outcome of these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

13. Profit Sharing Plan

The Company sponsors a 401(k) (the "Plan") for employees over age 21 who have completed one year of service. This may include both an employee matching contribution and a discretionary profit-sharing contribution. Contributions to the Plan were $1,284 for the year ended December 31, 2022.

14. Subsequent Events

In February 2023, the Company entered into Amendment No. 5 to the First Lien Credit Agreement which added an incremental term loan in the amount of $85,000. This First Lien incremental term loan bears interest based on the ABR (which is defined for this incremental term loan as Prime Rate plus an applicable rate of 4.5%), or Term SOFR (defined for this incremental term loans as the Term SOFR Reference Rate as published by the CME Group Benchmark Administration Limited plus an applicable rate of 5.5%). Principal on this First Lien incremental term loan is payable quarterly in installments beginning June 30, 2023 equal to .25% of the initial principal amount, with the balance due on the maturity date of January 29, 2027.

On February 7, 2023, the Company finalized a membership interest purchase agreement to purchase substantially all the assets of Aero-Glen International Inc. (“Aero-Glen”) in exchange for cash, Jazz TopCo class A units, and a note payable. The primary reason for the purchase was to obtain the customer relationships and related revenues. In connection with this transaction, the Company entered into a note payable with the Sellers of Aero-Glen in the amount of $30,000. The note payable bears interest on SOFR (defined for this note as the Term SOFR Reference Rate as published by the CME Group Benchmark Administration Limited plus an applicable rate of 6.0%). There are no principal payments during the term, and it is due on June 28, 2024.

On May 15, 2023, the Company entered into an agreement with Heico Corporation and Magnolia Merge Inc to sell 100% of the interests of the Company for an aggregate purchase price of $1.9 billion in cash and 1,137,656 shares of Heico Class A Common Stock. The completion of the transaction is subject to customary closing conditions, including the termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the receipt of certain other regulatory approvals. Subject to the satisfaction of the closing conditions, the transaction is expected to close by the end of calendar 2023.

The Company has evaluated subsequent events through July 21, 2023, the date the financial statements were available to be issued and determined that there were no additional items that required further disclosure or recognition.

Exhibit 99.2

Jazz Parent, Inc.

Unaudited Condensed Consolidated Financial Statements

Three Months Ended December 31, 2022

Jazz Parent, Inc.
Index
December 31, 2022

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Unaudited Condensed Consolidated Financial Statements

Jazz Parent, Inc.
Unaudited Condensed Consolidated Balance Sheet
December 31, 2022
In thousands, except share amounts

	December 31, 2022
Assets	
Current assets	
Cash	$ 24,157
Accounts receivable, net of allowance of $2,122	70,693
Inventories, net	217,714
Other current assets	3,815
Total current assets	316,379
Property and equipment, net	28,159
Right of use assets	13,407
Goodwill	317,241
Intangible assets, net	189,560
Other assets	1,367
Total assets	$ 866,113
Liabilities and Shareholders' Equity	
Current liabilities	
Accounts payable	$ 36,912
Accrued expenses	32,872
Long-term debt, current portion	4,520
Operating leases, current portion	2,288
Finance leases, current portion	1,827
Total current liabilities	78,419
Long-term debt, net of current portion	581,481
Operating leases, net of current portion	11,666
Finance leases, net of current portion	7,752
Deferred tax liabilities	32,074
Total liabilities	711,392
Commitments and contingencies (Note 10)	
Shareholders' equity	
Common Stock, $.01 par value, 1,000 shares authorized, issued and outstanding	-
Additional paid-in-capital	431,640
Accumulated deficit	(276,919)
Total shareholders' equity	154,721
Total liabilities and shareholders' equity	$ 866,113

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Jazz Parent, Inc.
Unaudited Condensed Consolidated Statement of Operations and Comprehensive Income
Period Ended December 31, 2022
In thousands, except share amounts

	Three Months Ended December 31, 2022
Net sales	$ 127,852
Cost of sales	79,225
Gross profit	48,627
Operating expenses	
Selling, general and administrative expenses	29,696
Total operating expenses	29,696
Operating income	18,931
Other expense	
Interest expense, net	(14,669)
Other expense, net	201
Total other expense	(14,468)
Income before income taxes	4,463
Income tax provision	(1,894)
Net income	$ 2,569

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Jazz Parent, Inc.
Unaudited Condensed Consolidated Statement of Shareholders' Equity
Period Ended December 31, 2022
In thousands, except share amounts

	For the Three Months Ended December 31, 2022								
	Jazz Parent, Inc. and Subsidiaries Common Stock			Additional Paid-in Capital		(Accumulated Deficit)		Total
	Shares	Amount							
Balance at September 30, 2022	1,000	$	-	$	430,385	$	(279,488)	$	150,897
Net income	-		-		-		2,569		2,569
Capital contribution from shareholders	-		-		1,255		-		1,255
Balance at December 31, 2022	1,000	$	-		431,640	$	(276,919)	$	154,721

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Jazz Parent, Inc.
Unaudited Condensed Consolidated Statement of Cash Flows
Period Ended December 31, 2022
(In thousands, except share amounts)

	Three Months Ended December 31, 2022
Cash flows from operating activities	
Net income	$ 2,569
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	1,872
Amortization of intangible assets	4,434
Amortization of debt issuance costs	599
Equity-based compensation expense	1,255
Bad debt recovery	(658)
Write off of obsolete and excess inventory	1,242
Loss on disposal of property and equipment	1
Deferred income tax provision	(2,352)
Non-cash lease expense	689
Other non-cash	433
Changes in assets and liabilities, net of effects of acquisitions	
Accounts receivable	1,623
Inventories	(14,315)
Other assets	311
Accounts payable	1,570
Accrued expenses	2,122
Other liabilities	(626)
Net cash provided by operating activities	769
Cash flows from investing activities	
Purchase of property and equipment	(1,915)
Purchase of business, net of cash acquired	(20,262)
Net cash used in investing activities	(22,177)
Cash flows from financing activities	
Payments on long-term debt	(1,713)
Payments for finance leases	(430)
Net cash used in financing activities	(2,143)
Net decrease in cash	(23,551)
Cash	
Beginning of period	47,708
End of period	$ 24,157
Supplemental disclosure of cash flow information	
Cash paid for interest	$ 13,781
Cash paid for taxes	$ 3,207
Noncash investing and financing activities	
Purchase of property and equipment included in accounts payable	$ 98

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

(In thousands, except share and per share amounts)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Jazz Parent, Inc., and its wholly owned subsidiaries (collectively, the "Company") after the elimination of intercompany accounts and transactions as of and for the period ended December 31, 2022. The unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Therefore, the unaudited condensed consolidated financial statements do not include all information and footnotes normally included in annual consolidated financial statements and should be read in conjunction with our consolidated financial statements and notes thereto for the year ended December 31, 2022. In the opinion of management, the unaudited condensed consolidated financial statements contain all adjustments necessary for a fair presentation of the unaudited condensed consolidated balance sheet, statement of operations and comprehensive income, statement of shareholders' equity and statement of cash flows for such interim period presented. The results of operations for the three months ended December 31, 2022 are not necessarily indicative of the results which may be expected for the entire fiscal year.

2. Inventories

Inventories consist of the following:

	December 31, 2022
Raw materials	$ 60
Work in process	9,756
Finished goods	207,898
	$ 217,714

Obsolete and excess inventory of $1,242 was charged to cost of sales during the three months ended December 31, 2022.

(In thousands, except share and per share amounts)

3. Property and Equipment

Property and equipment consist of the following:

		December 31, 2022
Furniture and fixtures	$	2,082
Computer equipment		14,368
Equipment		32,227
Vehicles		142
Leasehold improvements		8,210
Construction in progress		2,253
Buildings		13,269
		72,551
Less: Accumulated depreciation		(44,392)
	$	28,159

Depreciation expense of $1,872 was recorded during the three months ended December 31, 2022.

4. Goodwill and Intangible Assets

Changes in goodwill consist of the following:

		December 31, 2022
Beginning balance	$	310,867
Additions to goodwill		6,374
Ending balance	$	317,241

Changes in intangible assets consist of the following:

		December 31, 2022
Beginning balance	$	182,994
Additions to intangible assets		11,000
Amortization of intangible assets		(4,434)
Ending balance	$	189,560

(In thousands, except share and per share amounts)

The carrying amounts of intangible assets are summarized as follows:

	December 31, 2022				
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Accumulated Business Restructuring	Net Carrying Amount
Intangible assets subject to amortization					
Part manufacturing authority rights	$ 33,900	$ (18,006)	$ (2,365)	$ (61)	$ 13,468
Customer relationships	239,509	(95,578)	(11,461)	(12,148)	120,322
Trademarks	11,800	(5,573)	(1,000)	(615)	4,612
Repair process technology	40,050	(19,546)	(2,128)	(218)	18,158
Non-compete agreements	570	(365)	(205)	-	-
Intangible assets not subject to amortization					
Trademarks	70,700	-	(37,700)	-	33,000
	$ 396,529	$ (139,068)	$ (54,859)	$ (13,042)	$ 189,560

As of December 31, 2022, the Company's future amortization of definite-lived intangible assets is expected to be as follows:

Year ending December 31,	
2023	$ 17,832
2024	17,751
2025	17,609
2026	17,586
2027	17,479
Thereafter	68,303
	$ 156,560

5. Acquisitions

On October 14, 2022, the Company finalized a stock purchase agreement to purchase substantially all the assets of Aviatron Inc., a certified 145 aircraft repair station specializing in pneumatic component repair and maintenance, in exchange for $21,199 in cash, and it is included in the accompanying consolidated financial statements from that date. The primary reason for the purchase was to obtain the customer relationships and related revenues. The acquisition was accounted for as a business combination and as a result, the purchase price was assigned to assets acquired and liabilities assumed based on their respective fair values at the date of acquisition. The excess of the purchase price over the fair values of the assets acquired and liabilities assumed was classified as goodwill and relates to expected synergies from combining operations and increased sales to the Company's larger customer base. The Company estimates that none of the goodwill acquired will be deductible for income tax purposes.

The fair value of the assets acquired includes trademark and repair process technology, determined using the relief from royalty method, and customer relationships which were determined using the multi-period excess earnings method. Both methods estimate discounted cash flows over the estimated life of the assets. The fair value measurements noted are based on significant inputs that are not observable in the market, or Level 3 inputs. Key assumptions include a discount rate range of 18% to 19% and forecasted revenue projections.

Acquisition-related costs associated with this purchase totaled $915 and are recorded in selling, general and administrative expenses in the unaudited condensed consolidated statement of operations and comprehensive income.

(In thousands, except share and per share amounts)

The following table reflects the final purchase price allocation for this acquisition:

Cash	$ 937
Accounts receivable	1,178
Inventory	5,063
Other assets	27
Property and equipment	520
ROU assets	376
Trademark	400
Repair process technology	3,300
Customer relationships	7,300
Goodwill	6,374
Total assets	25,475
Accounts payable	561
Accrued expenses	626
Operating lease liability	376
Deferred tax liability	2,713
Total liabilities	4,276
Purchase price	$ 21,199

6. Accrued Expenses

Accrued expenses consist of the following:

	December 31, 2022
Salary related accruals	$ 12,447
Miscellaneous accrued liabilities	11,299
Sales rebate accruals	4,696
Health insurance accruals	995
Professional services accruals	2,574
Accrued commissions	540
Interest payable	321
	$ 32,872

(In thousands, except share and per share amounts)

7. Long-Term Debt

Long-term debt of the Company consists of the following:

		December 31, 2022
First lien term loans	$	469,763
Second lien term loan		125,000
Debt issuance cost		(8,762)
Total long-term debt		586,001
Less: Current portion, revolving line and first liens		(6,850)
Less: Current portion, debt issuance cost		2,330
Long-term debt, net of current portion	$	581,481

The First Lien term loans bear interest based on various variable rates plus an applicable margin rate. The First Lien term loans mature in either June 2026 or January 2027. As of December 31, 2022, the rates on the various term loans ranged from 8.4% to 11.9%.

The Second Lien term loan bears interest based on various variable rates plus an applicable margin rate. The Second Lien term loan matures in June 2027. The interest rate on the Second Lien was 12.4% as of December 31, 2022.

The Company has access to a revolving line of credit that bears interest based on various variable rates plus an applicable margin rate. The applicable rates are indexed to the Company's First Lien net leverage ratio and adjusted each reporting period based on its operating results. The revolving line of credit expires in June 2024. The available capacity of the revolving line of credit was $75,000 on December 31, 2022. The outstanding balance on the revolving line of credit was $0 on December 31, 2022.

The revolving line of credit and term loans are collateralized by the Company's accounts receivable and inventories. Under the terms of the revolving line of credit and term loans, the Company must comply with certain restrictive covenants, including those which prevent the Company from paying dividends to its partners and may require the Company to use excess cash flow, as defined, to reduce the balances outstanding.

Under the terms and definitions of the senior secured credit facilities as of December 31, 2022, the Company's First Lien net leverage ratio cannot exceed 7.75. However, this covenant is only calculated and applicable when the balance outstanding on the revolving line of credit exceeds 35% of the available borrowing capacity or $26,250, whichever is greater.

(In thousands, except share and per share amounts)

The following is a schedule of future principal payments on the Company's line of credit and term loans as of December 31, 2022:

Year ending December 31,	
2023	$ 6,850
2024	6,850
2025	6,850
2026	382,488
2027	191,725
Thereafter	-
	$ 594,763

8. Income Taxes

The Company's effective income tax rate was 42.4% for the three months ended December 31, 2022. It is based on the Company's year-end effective tax rate and adjusted for discrete items that occurred within the period. The effective income tax rate was higher than the statutory federal income tax rate of 21% due to the change in the valuation allowance, prior year true-up, permanent disallowed book expenses, and state taxes.

9. Equity Compensation

Equity compensation expense totaled $1,255 for the three-month period ended December 31, 2022 and is included in selling, general and administrative expense for those periods.

10. Commitments and Contingencies

Leases
As of December 31, 2022, the weighted-average remaining lease term was 5.4 and 7.1 for operating and finance leases, respectively. As of December 31, 2022, the weighted-average discount rate was 8.9% and 6.0% for operating and finance leases, respectively. The components of lease expense were as follows:

	Three Months Ended December 31, 2022
Operating lease expense	
Operating lease cost	$ 949
Variable lease cost	73
Short term lease cost	2
Finance lease expense	
Amortization of right-of-use assets	475
Interest on lease liabilities	146
Total lease expense	$ 1,645

(In thousands, except share and per share amounts)

Supplemental cash flow information related to leases was as follows:

	Three Months Ended December 31, 2022
Operating cash outflow from operating leases	$ 689
Operating cash outflow from finance leases	146
Financing cash outflow from finance leases	430
Right-of-use-assets obtained in exchange for operating lease obligations	5,114

Maturities of lease liabilities were as follows:

	Operating Leases	Finance Leases
Year ending December 31,		
2023	$ 3,451	$ 2,337
2024	3,212	2,371
2025	2,936	1,712
2026	2,975	651
2027	2,542	671
Thereafter	2,755	3,865
Less: Interest expense	(3,917)	(2,028)
Total obligations	$ 13,954	$ 9,579

Litigation

The Company is party to certain lawsuits arising in the ordinary course of business. Management and legal counsel do not believe that the outcome of these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

11. Subsequent Events

In February 2023, the Company entered into Amendment No. 5 to the First Lien Credit Agreement which added an incremental term loan in the amount of $85,000. This First Lien incremental term loan bears interest based on the ABR (which is defined for this incremental term loan as Prime Rate plus an applicable rate of 4.5%), or Term SOFR (defined for this incremental term loans as the Term SOFR Reference Rate as published by the CME Group Benchmark Administration Limited plus an applicable rate of 5.5%). Principal on this First Lien incremental term loan is payable quarterly in installments beginning June 30, 2023 equal to .25% of the initial principal amount, with the balance due on the maturity date of January 29, 2027.

On February 7, 2023, the Company finalized a membership interest purchase agreement to purchase substantially all the assets of Aero-Glen International Inc. in exchange for $150,438, which included $88,038 in cash, 91,000 Jazz TopCo class A units with a value of $20,000, a $30,000 note payable, and $12,400 of contingent consideration. The primary reason for the purchase was to obtain the customer relationships and related revenues.

On May 15, 2023, the Company entered into an agreement with Heico Corporation and Magnolia Merge Inc to sell 100% of the interests of the Company for an aggregate purchase price of $1,900,000 in cash and 1,137,656 shares of Heico Class A Common Stock. The transaction closed on August 4, 2023. All outstanding Company debt as of the close was paid off in full as part of the transaction.

The Company has evaluated subsequent events through August 25, 2023, the date the financial statements were available to be issued and determined that there were no additional items that required further disclosure or recognition.

Exhibit 99.3

Jazz Parent, Inc.

Unaudited Condensed Consolidated Financial Statements
Six Months Ended June 30, 2023

Jazz Parent, Inc.
Unaudited Condensed Consolidated Balance Sheet
June 30, 2023
In thousands, except share amounts

Page(s)

Unaudited Condensed Consolidated Financial Statements

Jazz Parent, Inc.
Unaudited Condensed Consolidated Balance Sheet
June 30, 2023
In thousands, except share amounts

	June 30, 2023
Assets	
Current assets	
Cash	$ 18,690
Accounts receivable, net of allowance of $2,253	106,371
Inventories, net	280,470
Other current assets	3,368
Total current assets	408,899
Property and equipment, net	30,082
Right of use assets	16,444
Goodwill	358,329
Intangible assets, net	252,061
Other assets	1,390
Total assets	$ 1,067,205
Liabilities and Shareholders' Equity	
Current liabilities	
Accounts payable	$ 48,437
Accrued expenses	53,401
Long-term debt, current portion	34,078
Operating leases, current portion	2,511
Finance leases, current portion	1,906
Total current liabilities	140,333
Long-term debt, net of current portion	690,838
Operating leases, net of current portion	14,940
Finance leases, net of current portion	6,781
Deferred tax liabilities	31,561
Total liabilities	884,453
Commitments and contingencies (Note 11)	
Shareholders' equity	
Common Stock, $.01 par value, 1,000 shares authorized, issued and outstanding	-
Additional paid-in-capital	447,850
Accumulated deficit	(265,098)
Total shareholders' equity	182,752
Total liabilities and shareholders' equity	$ 1,067,205

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Jazz Parent, Inc.
Unaudited Condensed Consolidated Statement of Operations and Comprehensive Income
Period Ended June 30, 2023
In thousands, except share amounts

	Six Months Ended June 30, 2023
Net sales	$ 353,860
Cost of sales	217,711
Gross profit	136,149
Operating expenses	
Selling, general and administrative expenses	79,867
Total operating expenses	79,867
Operating income	56,282
Other expense	
Interest expense, net	(37,967)
Other income, net	73
Total other expense	(37,894)
Income before income taxes	18,388
Income tax provision	(6,567)
Net income	$ 11,821

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Jazz Parent, Inc.
Unaudited Condensed Consolidated Statement of Shareholders' Equity
Period Ended June 30, 2023
In thousands, except share amounts

	For the Six Months Ended June 30, 2023				
	Jazz Parent, Inc. and Subsidiaries Common Stock		Additional Paid-in	(Accumulated	
	Shares	Amount	Capital	Deficit)	Total
Balance at December 31, 2022	1,000	$ -	$ 431,640	$ (276,919)	$ 154,721
Net income	-	-	-	11,821	11,821
Capital distribution to shareholders	-	-	(5,790)	-	(5,790)
Capital contribution from shareholders	-	-	22,000	-	22,000
Balance at June 30, 2023	1,000	$ -	$ 447,850	$ (265,098)	$ 182,752

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Jazz Parent, Inc.
Unaudited Condensed Consolidated Statement of Cash Flows
Period Ended June 30, 2023
(In thousands, except share amounts)

	Six Months Ended June 30, 2023
Cash flows from operating activities	
Net income	$ 11,821
Adjustments to reconcile net income to net cash used in operating activities	
Depreciation	3,809
Amortization of intangible assets	10,499
Amortization of debt issuance costs	1,689
Equity-based compensation expense	2,000
Bad debt expense	420
Write off of obsolete and excess inventory	2,632
Loss on disposal of property and equipment	32
Deferred income tax provision	(512)
Non-cash lease expense	1,569
Change in contingent consideration	3,200
Other non-cash	132
Changes in assets and liabilities, net of effects of acquisitions	
Accounts receivable	(30,229)
Inventories	(26,445)
Other assets	613
Accounts payable	6,114
Accrued expenses	1,583
Other liabilities	(1,109)
Net cash used in operating activities	(12,182)
Cash flows from investing activities	
Purchase of property and equipment	(5,198)
Purchase of business, net of cash acquired	(88,552)
Proceeds from sale of property and equipment	20
Net cash used in investing activities	(93,730)
Cash flows from financing activities	
Proceeds from long-term debt	121,000
Payments on long-term debt	(8,638)
Payments for finance leases	(892)
Payments of debt issuance costs	(5,235)
Capital distribution to shareholders	(5,790)
Net cash provided by financing activities	100,445
Net decrease in cash	(5,467)
Cash	
Beginning of period	24,157
End of period	$ 18,690
Supplemental disclosure of cash flow information	
Cash paid for interest	$ 34,690
Cash paid for taxes	7,748
Noncash activities	
Contingent consideration in connection with acquisition	$ 12,400
Long-term debt in connection with acquisition	$ 30,000
Capital contribution in connection with acquisition	$ 20,000
Purchase of property and equipment included in accounts payable	$ 19

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

(In thousands, except share and per share amounts)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Jazz Parent, Inc., and its wholly owned subsidiaries (collectively, the “Company”) after the elimination of intercompany accounts and transactions as of and for the period ended June 30, 2023. The unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (“GAAP”) for interim financial information. Therefore, the unaudited condensed consolidated financial statements do not include all information and footnotes normally included in annual consolidated financial statements and should be read in conjunction with our consolidated financial statements and notes thereto for the year ended December 31, 2022. In the opinion of management, the unaudited condensed consolidated financial statements contain all adjustments necessary for a fair presentation of the unaudited condensed consolidated balance sheet, statement of operations and comprehensive income, statement of shareholders’ equity and statement of cash flows for such interim period presented. The results of operations for the six months ended June 30, 2023 are not necessarily indicative of the results which may be expected for the entire fiscal year.

2. Inventories

Inventories consist of the following:

	June 30, 2023
Raw materials	$ 60
Work in process	14,022
Finished goods	266,388
	$ 280,470

Obsolete and excess inventory of $2,632 was charged to cost of sales during the six months ended June 30, 2023.

(In thousands, except share and per share amounts)

3. Property and Equipment

Property and equipment consist of the following:

	June 30, 2023
Furniture and fixtures	$ 2,203
Computer equipment	14,762
Equipment	33,723
Vehicles	154
Leasehold improvements	8,726
Construction in progress	5,045
Buildings	13,269
	77,882
Less: Accumulated depreciation	(47,800)
	$ 30,082

Depreciation expense of $3,809 was recorded during the six months ended June 30, 2023.

4. Goodwill and Intangible Assets

Changes in goodwill consist of the following:

	June 30, 2023
Beginning balance	$ 317,241
Additions to goodwill	41,088
Ending balance	$ 358,329

Changes in intangible assets consist of the following:

	June 30, 2023
Beginning balance	$ 189,560
Additions to intangible assets	73,000
Amortization of intangible assets	(10,499)
Ending balance	$ 252,061

(In thousands, except share and per share amounts)

The carrying amounts of intangible assets are summarized as follows:

	June 30, 2023				
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Accumulated Business Restructuring	Net Carrying Amount
Intangible assets subject to amortization					
Part manufacturing authority rights	$ 33,900	$ (19,158)	$ (2,365)	$ (61)	$ 12,316
Customer relationships	309,509	(103,250)	(11,461)	(12,148)	182,650
Trademarks	14,800	(6,114)	(1,000)	(615)	7,071
Repair process technology	40,050	(20,680)	(2,128)	(218)	17,024
Non-compete agreements	570	(365)	(205)	-	-
Intangible assets not subject to amortization					
Trademarks	70,700	-	(37,700)	-	33,000
	$ 469,529	$ (149,567)	$ (54,859)	$ (13,042)	$ 252,061

As of June 30, 2023, the Company's future amortization of definite-lived intangible assets is expected to be as follows:

Year ending December 31,	
2023	$ 10,817
2024	21,551
2025	21,410
2026	21,386
2027	21,279
Thereafter	122,618
	$ 219,061

5. Acquisitions

On February 7, 2023, the Company finalized a membership interest purchase agreement to purchase substantially all the assets of Aero-Glen International, LLC, a supplier of assembly hardware, value-added supply chain services, and kitting solutions to the Aerospace & Defense markets, in exchange for $150,543, which included $88,143 in cash, 91,000 Jazz TopCo class A units with a value of $20,000, a $30,000 note payable, and $12,400 of contingent consideration, and it is included in the accompanying consolidated financial statements from that date. The primary reason for the purchase was to obtain the customer relationships and related revenues. The acquisition was accounted for as a business combination and as a result, the purchase price was assigned to assets acquired and liabilities assumed based on their respective fair values at the date of acquisition. The excess of the purchase price over the fair values of the assets acquired and liabilities assumed was classified as goodwill and relates to expected synergies from combining operations and increased sales to the Company's larger customer base. The Company estimates that $13,082 of the goodwill acquired will be deductible for income tax purposes.

The fair value of the assets acquired includes a trademark, determined using the relief from royalty method, and customer relationships which were determined using the multi-period excess earnings method. Both methods estimate discounted cash flows over the estimated life of the assets. The fair value measurements noted are based on significant inputs that are not observable in the market, or Level 3 inputs. Key assumptions include a discount rate range of 14% to 15% and forecasted revenue projections. As part of the agreement, the Company may be obligated to pay contingent consideration of $17,500 no later than March 31, 2024 should the acquired entity, along with other operating entities, meet certain earnings objectives during calendar year 2023. As of the purchase date, the estimated fair value of the contingent consideration was $12,400. The estimated fair value of the contingent consideration obligations requires subjective assumptions regarding future business results, discount rates and probabilities assigned to various scenarios and was determined using probability assessments with respect to the likelihood of reaching various targets. As of June 30, 2023, the Company determined that the weighted-average probability of paying the maximum amount was 94% and used a discount rate of 10% resulting in a fair value of $15,600 with the increase in fair value recorded in selling, general and administrative expenses in the unaudited condensed consolidated statement of operations and comprehensive income.

(In thousands, except share and per share amounts)

Acquisition-related costs associated with this purchase totaled $1,748 and are recorded in selling, general and administrative expenses in the unaudited condensed consolidated statement of operations and comprehensive income.

The following table reflects the preliminary purchase price allocation for this acquisition:

Cash	$	(409)
Accounts receivable		5,860
Inventory		38,944
Other assets		2,386
Property and equipment		730
Trademark		3,000
Customer relationships		70,000
Goodwill		41,088
Total assets		161,599
Accounts payable		5,559
Accrued expenses		3,345
Other liabilities		2,152
Total liabilities		11,056
Purchase price	$	150,543

Reconciliation from purchase price to cash paid per statement of cash flows		
Purchase price	$	150,543
Non-cash contingent consideration		(12,400)
Non-cash long-term debt		(30,000)
Non-cash contribution from shareholders		(20,000)
Cash acquired		409
Purchase of business, net of cash acquired	$	88,552

(In thousands, except share and per share amounts)

6. Accrued Expenses

Accrued expenses consist of the following:

	June 30, 2023
Salary related accruals	$ 12,069
Miscellaneous accrued liabilities	13,050
Contingent consideration	15,600
Sales rebate accruals	3,632
Health insurance accruals	1,197
Professional services accruals	7,050
Accrued commissions	598
Interest payable	205
	$ 53,401

7. Long-Term Debt

Long-term debt of the Company consists of the following:

	June 30, 2023
First lien term loans	$ 551,125
Second lien term loan	125,000
Revolver	31,000
Seller Note	30,000
Debt issuance cost	(12,209)
Total long-term debt	724,916
Less: Current portion, revolving line and first liens	(37,700)
Less: Current portion, debt issuance cost	3,622
Long-term debt, net of current portion	$ 690,838

In February 2023, the Company entered into Amendment No. 5 to the First Lien Credit Agreement which added an incremental term loan in the amount of $85,000. This First Lien incremental term loan bears interest based on the ABR (which is defined for this incremental term loan as Prime Rate plus an applicable rate of 4.5%), or Term SOFR (defined for this incremental term loans as the Term SOFR Reference Rate as published by the CME Group Benchmark Administration Limited plus an applicable rate of 5.5%). Principal on this First Lien incremental term loan is payable quarterly in installments beginning June 30, 2023 equal to .25% of the initial principal amount, with the balance due on the maturity date of January 29, 2027.

The First Lien term loans bear interest based on various variable rates plus an applicable margin rate. The First Lien term loans mature in either June 2026 or January 2027. As of June 30, 2023, the rates on the various term loans ranged from 9.2% to 12.7%.

(In thousands, except share and per share amounts)

The Second Lien term loan bears interest based on various variable rates plus an applicable margin rate. The Second Lien term loan matures in June 2027. The interest rate on the Second Lien was 13.2% as of June 30, 2023.

The Company has access to a revolving line of credit that bears interest based on various variable rates plus an applicable margin rate. The applicable rates are indexed to the Company's First Lien net leverage ratio and adjusted each reporting period based on its operating results. The revolving line of credit expires in June 2026. The available capacity of the revolving line of credit was $44,000 on June 30, 2023. The outstanding balance on the revolving line of credit was $31,000 on June 30, 2023. The interest rate on the revolving line of credit was 9.1% as of June 30, 2023.

The revolving line of credit and term loans are collateralized by the Company's accounts receivable and inventories. Under the terms of the revolving line of credit and term loans, the Company must comply with certain restrictive covenants, including those which prevent the Company from paying dividends to its partners and may require the Company to use excess cash flow, as defined, to reduce the balances outstanding.

The seller's note matures on June 30, 2024, accrues interest on a variable rate plus an applicable margin rate equal to the average rate of the First and Second Lien Credit Facility. As of June 30, 2023 the rate is 11.2% payable in kind beginning on October 31, 2023 and is prepayable by the buyer at any time.

Under the terms and definitions of the senior secured credit facilities as of June 30, 2023, the Company's First Lien net leverage ratio cannot exceed 7.75. As of June 30, 2023 the First Lien net leverage ratio was 3.7.

The following is a schedule of future principal payments on the Company's line of credit and term loans as of June 30, 2023:

Year ending December 31,	
2023	3,850
2024	37,700
2025	7,700
2026	414,338
2027	273,537
Thereafter	-
	$ 737,125

8. Income Taxes

The Company's effective income tax rate was 35.7% for the six months ended June 30, 2023. It is based on the Company's year-end effective tax rate and was adjusted for discrete items that occurred within the period. The effective income tax rate was higher than the statutory federal income tax rate of 21% primarily due to the change in valuation allowance and significant permanent differences related to stock compensation disallowed for tax purposes.

9. Fair Value Measurements

The carrying value of financial instruments including cash and cash equivalents, accounts receivable and accounts payable approximates fair values due to the short-term nature of these instruments.

(In thousands, except share and per share amounts)

The carrying value of debt approximates fair value due to the variable short-term nature of the interest rates. Fair value estimates are made at a specific point in time, based on relevant market information.

The FASB Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting standards specify a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair-value hierarchy:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.
- Level 3 – unobservable inputs based on the Company's own assumptions.

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis:

	Fair Value at June 30, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities):				
Cash equivalents and current investments	$ 18,690	$ -	$ -	$ 18,690
Contingent consideration	-	-	(15,600)	(15,600)
Total	$ 18,690	$ -	$ (15,600)	$ 3,090

The following table provides a reconciliation of the beginning and ending balances of recurring fair value measurements using significant unobservable inputs (Level 3):

As of December 31, 2022	$ -
Additions during the period	(12,400)
Change in fair value during the period	(3,200)
As of June 30, 2023	$ (15,600)

Refer to note 5 for more information on the specific inputs used in the valuation of this balance.

10. Equity Compensation

Equity compensation expense totaled $2,000 for the six-month period ended June 30, 2023 and is included in selling, general and administrative expense for those periods.

11. Commitments and Contingencies

Leases

As of June 30, 2023, the weighted-average remaining lease term was 4.8 and 6.9 for operating and finance leases, respectively. As of June 30, 2023, the weighted-average discount rate was 9.5% and 5.9% for operating and finance leases, respectively. The components of lease expense were as follows:

(In thousands, except share and per share amounts)

	Six Months Ended June 30, 2023
Operating lease expense	
Operating lease cost	$ 2,354
Variable lease cost	364
Finance lease expense	
Amortization of right-of-use assets	947
Interest on lease liabilities	270
Total lease expense	$ 3,935

Supplemental cash flow information related to leases was as follows:

	Six Months Ended June 30, 2023
Operating cash outflow from operating leases	$ 1,569
Operating cash outflow from finance leases	270
Financing cash outflow from finance leases	892
Right-of-use-assets obtained in exchange for operating lease obligations	4,603

Included within the $4,603 of right-of-use-assets obtained in exchange for operating lease obligations is $2,152 of right-of-use assets and lease liabilities obtained as part of the acquisition of Aero-Glen International, LLC (see Note 5). Within Note 5, the $2,152 of right-of-use assets and lease liabilities are included within the Other assets and Other liabilities preliminary purchase price allocation captions, respectively.

Maturities of lease liabilities were as follows:

	Operating Leases	Finance Leases
Year ending December 31,		
2023	$ 2,503	$ 1,307
2024	4,401	2,371
2025	4,350	1,712
2026	4,322	651
2027	3,936	671
Thereafter	2,922	3,865
Less: Interest expense	(4,983)	(1,890)
Total obligations	$ 17,451	$ 8,687

Litigation
The Company is party to certain lawsuits arising in the ordinary course of business. Management and legal counsel do not believe that the outcome of these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

12. Subsequent Events

On May 15, 2023, the Company entered into an agreement with Heico Corporation and Magnolia Merge Inc to sell 100% of the interests of the Company for an aggregate purchase price of $1,900,000 in cash and 1,137,656 shares of Heico Class A Common Stock. The transaction closed on August 4, 2023. All outstanding Company debt as of the close was paid off in full as part of the transaction.

The Company has evaluated subsequent events through August 25, 2023, the date the financial statements were available to be issued and determined that there were no additional items that required further disclosure or recognition.

EXHIBIT 99.4

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

INTRODUCTION

On August 4, 2023, HEICO Corporation (collectively, "HEICO," or the "Company") completed its acquisition of Wencor Group ("Wencor") from affiliates of Warburg Pincus LLC and Wencor's management (the "Wencor Acquisition"). The Wencor Acquisition was completed pursuant to an Agreement and Plan of Merger (the "Merger Agreement"), dated May 15, 2023, by and among the Company, its newly formed wholly owned subsidiary Magnolia MergeCo Inc. ("Merger Sub"), Jazz Parent, Inc., the owner of Wencor ("Target"), and Jazz Topco GP LLC, solely in its capacity as representative for purposes of certain provisions of the Merger Agreement. Pursuant to the Merger Agreement, Merger Sub merged with and into the Target, and the Target continued as the surviving entity and a wholly owned subsidiary of the Company.

In connection with the Wencor Acquisition, on July 27, 2023, the Company completed the public offer and sale of senior unsecured notes, which consisted of $600.0 million principal amount of 5.25% Senior Notes due August 1, 2028 (the "2028 Notes") and $600.0 million principal amount of 5.35% Senior Notes due August 1, 2033 (the "2033 Notes" and, collectively with the 2028 Notes, the "Notes"). The Company used the net proceeds from the sale of the Notes to repay the outstanding borrowings under its revolving credit facility and to fund a portion of the purchase price of the Wencor Acquisition. The aggregate purchase price consisted of $1,900.0 million in cash, subject to certain working capital, debt, and other customary adjustments, and 1,137,628 shares of HEICO Class A Common Stock. The cash consideration was paid using the Company's revolving credit facility and proceeds from the sale of the Notes.

HEICO and Wencor are providing the following unaudited pro forma condensed combined financial statements ("Pro Forma Financial Statements") to aid in the analysis of the financial aspects of the business combination described below. The unaudited pro forma condensed combined financial statements have been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786, "Amendments to Financial Disclosures about Acquired and Disposed Businesses," and should be read in conjunction with the accompanying notes to the Pro Forma Financial Statements. The unaudited pro forma condensed combined financial statements are based on HEICO's and Wencor's historical financial information as adjusted to give effect to the business combination described above and the related financing as if the transactions had been completed on July 31, 2023, with respect to the unaudited pro forma condensed combined balance sheet, and as of November 1, 2021, with respect to the unaudited pro forma condensed combined statement of operations for the fiscal year ended October 31, 2022 and the unaudited pro forma condensed combined statement of operations for the nine months ended July 31, 2023.

The Pro Forma Financial Statements are derived from, and should be read in conjunction with HEICO's quarterly report on Form 10-Q for the period ended July 31, 2023, filed on August

30, 2023, HEICO's annual report on Form 10-K for the fiscal year ended October 31, 2022, filed on December 21, 2022, the historical unaudited condensed consolidated financial statements of Wencor as of and for the three months ended December 31, 2022 and as of and for the six months ended June 30, 2023 included elsewhere within this amended Form 8-K, and the historical audited consolidated financial statements of Wencor as of and for the year ended December 31, 2022 included elsewhere within this amended Form 8-K.

The foregoing historical financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Pro Forma Financial Statements have been prepared based on the aforementioned historical financial statements and the assumptions and adjustments as described in the notes to the Pro Forma Financial Statements.

The pro forma adjustments are based upon available information and methodologies that are factually supportable and directly attributable to the business combination referred to above and do not reflect the costs of any integration activities or benefits that may result from realization of future revenue growth or operational synergies expected to result from the business combination. The Pro Forma Financial Statements are presented for illustrative purposes only and do not purport to represent HEICO's combined statements of operations or combined balance sheets that would actually have occurred had the transactions referred to above been consummated on the dates assumed or to project HEICO's combined statements of operations or combined balance sheets for any future date or period. HEICO has not had any material historical relationships with Wencor. Accordingly, no transaction accounting adjustments were required to eliminate activities between the parties.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
(in thousands)

	HEICO As of July 31, 2023	Wencor Reclassified As of June 30, 2023 [1]	Debt Financing Transactions Adjustments		Wencor Acquisition Transaction Accounting Adjustments		Pro Forma Combined
ASSETS							
Current assets:							
Cash and cash equivalents	$694,263	$18,690	$1,400,000	a	($1,923,166)	b	$189,787
Accounts receivable, net	355,491	106,371	—		—		461,862
Contract assets	102,832	—	—		—		102,832
Inventories, net	731,966	280,470	—		—		1,012,436
Prepaid expenses and other current assets	47,372	3,368	—		—		50,740
Total current assets	1,931,924	408,899	1,400,000		(1,923,166)		1,817,657
Property, plant and equipment, net	285,033	30,082	—		6,548	d	321,663
Goodwill	2,026,279	358,329	—		1,191,440	b	3,293,891
					161,373	c	
					(293,487)	d	
					32,709	e	
					(182,752)	f	
Intangible assets, net	822,545	252,061	—		288,839	d	1,363,445
Other assets	387,521	17,834	—		—		405,355
Total assets	$5,453,302	$1,067,205	$1,400,000		($718,496)		$7,202,011
LIABILITIES AND EQUITY							
Current liabilities:							
Short-term debt and current maturities of long-term debt	$16,777	$35,984	$—		($34,078)	b	$18,683
Trade accounts payable	139,515	48,437	—		—		187,952
Accrued expenses and other current liabilities	315,606	55,444	—		9,540	b	382,490
					1,900	d	
Income taxes payable	7,149	468	—		—		7,617
Total current liabilities	479,047	140,333	—		(22,638)		596,742
Long-term debt, net of current maturities	1,198,484	697,619	1,400,000	a	(690,838)	b	2,605,265
Deferred income taxes	83,357	31,561	—		32,709	e	147,627
Other long-term liabilities	389,335	14,940	—		—		404,275
Total liabilities	2,150,223	884,453	1,400,000		(680,767)		3,753,909
Redeemable noncontrolling interests	343,883	—	—		—		343,883
Shareholders' equity:							
Preferred Stock	—	—	—		—		—
Common Stock	547	—	—		—		547
Class A Common Stock	823	—	—		11	c	834
Capital in excess of par value	406,442	447,850	—		161,362	c	567,804
					(447,850)	f	
Deferred compensation obligation	6,318	—	—		—		6,318
HEICO stock held by irrevocable trust	(6,318)	—	—		—		(6,318)
Accumulated other comprehensive loss	(16,657)	—	—		—		(16,657)
Retained earnings (deficit)	2,523,212	(265,098)	—		(16,350)	b	2,506,862
					265,098	f	
Total HEICO shareholders' equity	2,914,367	182,752	—		(37,729)		3,059,390
Noncontrolling interests	44,829	—	—		—		44,829
Total shareholders' equity	2,959,196	182,752	—		(37,729)		3,104,219
Total liabilities and equity	$5,453,302	$1,067,205	$1,400,000		($718,496)		$7,202,011

[1] Refer to Note 4, Reclassification Adjustments and Presentation of Wencor's Condensed Combined Statement of Operations, for details of reclassification adjustments made to conform to the classification of HEICO's balance sheet.

The accompanying notes are an integral part of these Pro Forma Financial Statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
(in thousands, except per share data)

	HEICO Year Ended October 31, 2022	Wencor Reclassified Year Ended December 31, 2022 [1]	Debt Financing Transactions Adjustments	Wencor Acquisition Transaction Accounting Adjustments	Pro Forma Combined
Net sales	$2,208,322	$487,530	$—	$—	$2,695,852
Operating costs and expenses:					
Cost of sales	1,345,563	300,866	—	8,093 **cc**	1,654,522
Selling, general and administrative expenses	365,915	112,264	444 **aa**	39,132 **cc**	513,017
				(17,338) **cc**	
				12,600 **dd**	
Total operating costs and expenses	1,711,478	413,130	444	42,487	2,167,539
Operating income	496,844	74,400	(444)	(42,487)	528,313
Interest expense	(6,386)	(47,033)	(128,792) **aa**	(3,750) **dd**	(139,555)
				46,406 **ee**	
Other income (expense)	565	(183)	—	—	382
Income before income taxes and noncontrolling interests	491,023	27,184	(129,236)	169	389,140
Income tax expense	100,400	6,644	(31,519) **bb**	1,867 **ff**	77,392
Net income from consolidated operations	390,623	20,540	(97,717)	(1,698)	311,748
Less: Net income attributable to noncontrolling interests	38,948	—	—	—	38,948
Net income attributable to HEICO	$351,675	$20,540	($97,717)	($1,698)	$272,800
Net income per share attributable to HEICO shareholders:					
Basic	$2.59				$1.99
Diluted	$2.55				$1.96
Weighted average number of common shares outstanding:					
Basic	136,010			1,138 **gg**	137,148
Diluted	138,037			1,138 **gg**	139,175

[1] Refer to Note 4, Reclassification Adjustments and Presentation of Wencor's Condensed Combined Statement of Operations, for details of reclassification adjustments made to conform to the classification of HEICO's statement of operations.

The accompanying notes are an integral part of these Pro Forma Financial Statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
(in thousands, except per share data)

	HEICO Nine Months Ended July 31, 2023	Wencor Reclassified Nine Months Ended June 30, 2023 [1]	Debt Financing Transactions Adjustments		Wencor Acquisition Transaction Accounting Adjustments		Pro Forma Combined
Net sales	$2,031,658	$481,712	$—		$—		$2,513,370
Operating costs and expenses:							
Cost of sales	1,242,613	296,936	—		6,070	ccc	1,545,619
Selling, general and administrative expenses	353,154	109,563	333	aaa	28,810	ccc	476,927
					(14,933)	ccc	
Total operating costs and expenses	1,595,767	406,499	333		19,947		2,022,546
Operating income	435,891	75,213	(333)		(19,947)		490,824
Interest expense	(29,561)	(52,636)	(96,306)	aaa	52,220	ddd	(126,283)
Other income	1,888	274	—		—		2,162
Income before income taxes and noncontrolling interests	408,218	22,851	(96,639)		32,273		366,703
Income tax expense	77,400	8,461	(23,569)	bbb	5,662	eee	67,954
Net income from consolidated operations	330,818	14,390	(73,070)		26,611		298,749
Less: Net income attributable to noncontrolling interests	30,648	—	—		—		30,648
Net income attributable to HEICO	$300,170	$14,390	($73,070)		$26,611		$268,101
Net income per share attributable to HEICO shareholders:							
Basic	$2.19						$1.94
Diluted	$2.17						$1.92
Weighted average number of common shares outstanding:							
Basic	136,859				1,138	fff	137,997
Diluted	138,616				1,138	fff	139,754

[1] Refer to Note 4, Reclassification Adjustments and Presentation of Wencor's Condensed Combined Statement of Operations, for details of Wencor's condensed combined statement of operations for the nine months ended June 30, 2023, and reclassification adjustments made to conform to the classification of HEICO's statement of operations.

The accompanying notes are an integral part of these Pro Forma Financial Statements.

NOTES TO CONDENSED COMBINED PRO FORMA FINANCIAL STATEMENTS – UNAUDITED

1. DESCRIPTION OF TRANSACTIONS

On August 4, 2023, HEICO completed the Wencor Acquisition pursuant to the Merger Agreement, dated May 15, 2023, by and among the Company, its newly formed wholly owned subsidiary Merger Sub, Jazz Parent, Inc., the owner of the Target, and Jazz Topco GP LLC, solely in its capacity as representative for purposes of certain provisions of the Merger Agreement. Pursuant to the Merger Agreement, Merger Sub merged with and into the Target, and the Target continued as the surviving entity and a wholly owned subsidiary of the Company.

For the purposes of the Pro Forma Financial Statements, the aggregate purchase price consisted of $1,923.2 million in cash, subject to certain working capital, debt, and other customary adjustments, and 1,137,628 shares of HEICO Class A Common Stock. The cash consideration was paid by borrowing $1,400.0 million under the Company's revolving credit facility and using $523.2 million of the net proceeds from the public offer and sale of the Notes (the "Debt Financing Transactions").

2. BASIS OF PRESENTATION

The Pro Forma Financial Statements have been prepared in accordance with Article 11 of Regulation S-X. The Pro Forma Financial Statements are based on HEICO's and Wencor's historical financial information as adjusted to give effect to the business combination described above and the Debt Financing Transactions as if the transactions had been completed on July 31, 2023 with respect to the unaudited pro forma condensed combined balance sheet, and as of November 1, 2021 with respect to the unaudited pro forma condensed combined statement of operations for the fiscal year ended October 31, 2022 and the unaudited pro forma condensed combined statement of operations for the nine months ended July 31, 2023. HEICO's fiscal year ends on October 31, while Wencor's fiscal year ends on December 31. Given that the fiscal year end of Wencor is within 93 days of HEICO's fiscal year end, in accordance with Article 11 of Regulation S-X, the historical financial statements of each entity have been combined without any conforming adjustments with respect to this difference in fiscal periods.

The unaudited pro forma condensed combined balance sheet as of July 31, 2023, combines the unaudited condensed consolidated balance sheet of HEICO as of July 31, 2023 and the unaudited condensed consolidated balance sheet of Wencor as of June 30, 2023.

The unaudited pro forma condensed combined statement of operations for the fiscal year ended October 31, 2022, combines the audited consolidated statement of operations of HEICO for the fiscal year ended October 31, 2022 with the audited consolidated statement of operations and comprehensive income of Wencor for the year ended December 31, 2022.

The unaudited pro forma condensed combined statement of operations for the nine months ended July 31, 2023, combines the unaudited condensed consolidated statement of operations of HEICO for the nine months ended July 31, 2023 with the unaudited condensed consolidated statement of operations and comprehensive income of Wencor for the nine months ended June 30, 2023. The unaudited condensed consolidated statement of operations and comprehensive income of Wencor for the nine months ended June 30, 2023, was derived by combining Wencor's unaudited condensed consolidated financial statements for the three months ended December 31, 2022 and the six months ended June 30, 2023. Refer to Note 4, Reclassification Adjustments and Presentation of Wencor's Condensed Combined Statement of Operations, for further details on the aggregation of the unaudited condensed consolidated financial statements. Accordingly, Wencor's net sales and net income of $127.9 million and $2.6 million for the three months ended December 31, 2022, respectively, are included in both the annual and interim unaudited pro forma condensed combined statement of operations.

The historical financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The unaudited pro forma condensed combined financial statements have been prepared based on the aforementioned historical financial statements and the assumptions and adjustments as described in Note 4, Reclassification Adjustments and Presentation of Wencor's Condensed Combined Statement of Operations, and Note 5, Adjustments to the Pro Forma Financial Statements. The pro forma adjustments are based upon available information and methodologies that are factually supportable and directly attributable to the business combination referred to above and do not reflect the costs of any integration activities or benefits that may result from realization of future revenue growth or operational synergies expected to result from the business combination.

The accounting policies used in the preparation of the Pro Forma Financial Statements are those described in HEICO's audited consolidated financial statements as of and for the year ended October 31, 2022 and subsequent unaudited interim periods. The Company has performed a preliminary review of Wencor's accounting policies to determine whether any adjustments were necessary to ensure comparability in the Pro Forma Financial Statements. Currently, the Company is not aware of any material differences between the accounting policies of HEICO and Wencor that would continue to exist subsequent to the application of acquisition accounting.

Reclassification adjustments have been made to the historical presentation of Wencor to conform to the financial statement presentation of HEICO for the unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statement of operations. Refer to Note 4, Reclassification Adjustments and Presentation of Wencor's Condensed Combined Statement of Operations, for further details on the reclassification adjustments.

Accounting for the Wencor Acquisition

The unaudited pro forma condensed combined financial information has been prepared in accordance with Accounting Standards Codification ("ASC") Topic 805, "Business Combinations" ("ASC 805"). In accordance with ASC 805, the purchase price of Wencor is allocated to the underlying tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values, as determined in accordance with ASC Topic 820, "Fair Value Measurements" ("ASC 820"), as of the acquisition date. The excess of the purchase price over the estimated fair values of the net assets acquired, if applicable, will be recorded as goodwill.

ASC 820 defines fair value, establishes a framework for measuring fair value, and sets forth a fair value hierarchy that prioritizes and ranks the level of observability of inputs used to develop the fair value measurements. Fair value is defined in ASC 820 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for a non-financial asset assume the highest and best use by these market participants. Many of these fair value measurements can be highly subjective, and it is possible that other professionals applying reasonable judgment to the same facts and circumstances could develop and support a range of alternative estimated amounts.

Accounting for the Debt Financing Transactions

The Company received net proceeds of $1,189.5 million from the issuance of the Notes, which was net of a debt discount and underwriting fees. The Company also incurred an additional $3.4 million of debt issuance fees related to the Notes. The aggregate debt discount and debt issuance costs of $13.9 million are classified by the Company as a contra liability within long-term debt and are amortized to interest expense over the respective term of each senior note using the effective interest method.

The Company used $523.1 million of proceeds from the Notes to fund a portion of the aggregate purchase price. Interest on the Notes is payable semi-annually in arrears on February 1 and August 1 of each year, commencing February 1, 2024. The Notes each have an effective interest rate of 5.5%. The Company funded the remaining $1,400.0 million of the cash purchase price by borrowing under its existing revolving credit facility. For purposes of the Pro Forma Financial Statements, the interest rate of the revolving credit facility is 7.17% per annum, which is comprised of the Adjusted Term SOFR, as of September 29, 2023, plus an Applicable Rate (based on the Company's Total Leverage Ratio) each as defined in the Company's revolving credit facility. Interest has been accrued in the Pro Forma Financial Statements over the respective term of the Notes and the revolving credit facility.

3. PRELIMINARY PURCHASE PRICE ALLOCATION

The following table summarizes the total consideration for the Wencor Acquisition for the purposes of the Pro Forma Financial Statements. The cash paid below is comprised of a base cash consideration of $1,900.0 million and certain working capital and debt adjustments based on Wencor's unaudited condensed consolidated balance sheet as of June 30, 2023 (in thousands):

Cash paid	$1,923,166
Less: cash acquired	(18,690)
Cash paid, net	1,904,476
Issuance of common stock for an acquisition	161,373
Total consideration, net	$2,065,849

The following table summarizes the allocation of the total consideration for the Wencor Acquisition to the estimated fair values of the tangible and identifiable intangible assets acquired and liabilities assumed (in thousands):

Assets acquired:	
Goodwill	$1,267,612
Customer relationships	378,700
Intellectual property	113,300
Trade name	48,900
Inventories	280,470
Accounts receivable	106,371
Property, plant and equipment	36,630
Other assets	21,202
Total assets acquired, excluding cash	2,253,185
Liabilities assumed:	
Accrued expenses	50,534
Accounts payable	48,437
Deferred income taxes	64,270
Other liabilities	24,095
Total liabilities assumed	187,336
Net assets acquired, excluding cash	$2,065,849

The allocation of the total consideration to the tangible and identifiable intangible assets acquired and liabilities assumed is preliminary until the Company obtains final information regarding their fair values. The primary items that generated the goodwill recognized were the premiums paid by the Company for the future earnings potential of Wencor and the value of its assembled workforce that do not qualify for separate recognition. The weighted-average amortization periods of the customer relationships, intellectual property and trade names acquired are 13 years, 14 years and indefinite, respectively. The weighted-average depreciation period of the property, plant and equipment acquired is 5.3 years.

4. RECLASSIFICATION ADJUSTMENTS AND PRESENTATION OF WENCOR'S CONDENSED COMBINED STATEMENT OF OPERATIONS

As part of the preparation of these condensed combined pro forma financial statements, certain reclassifications were made to align Wencor's financial statement presentation with that of HEICO. The following tables summarize the reclassifications.

Also included below is the presentation of the unaudited condensed consolidated statement of operations and comprehensive income of Wencor for the nine months ended June 30, 2023, which is derived by combining Wencor’s unaudited condensed consolidated statement of operations and comprehensive income for the three months ended December 31, 2022 and the six months ended June 30, 2023, including certain reclassification adjustments.

RECLASSIFIED CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands)

	Wencor As of June 30, 2023	Reclassification Adjustments	Wencor Reclassified As of June 30, 2023
Assets			
Current assets:			
Cash	$18,690	($18,690)	$—
Cash and cash equivalents	—	18,690	18,690
Accounts receivable, net of allowance of $2,253	106,371	(106,371)	—
Accounts receivable, net	—	106,371	106,371
Inventories, net	280,470	—	280,470
Other current assets	3,368	(3,368)	—
Prepaid expenses and other current assets	—	3,368	3,368
Total current assets	408,899	—	408,899
Property and equipment, net	30,082	(30,082)	—
Property, plant and equipment, net	—	30,082	30,082
Right of use assets	16,444	(16,444)	—
Goodwill	358,329	—	358,329
Intangible assets, net	252,061	—	252,061
Other assets	1,390	16,444	17,834
Total assets	$1,067,205	$—	$1,067,205
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	$48,437	($48,437)	$—
Trade accounts payable	—	48,437	$48,437
Accrued expenses	53,401	(53,401)	—
Accrued expenses and other current liabilities	—	55,444	55,444
Long-term debt, current portion	34,078	(34,078)	—
Short-term debt and current maturities of long-term debt	—	35,984	35,984
Operating leases, current portion	2,511	(2,511)	—
Finance leases, current portion	1,906	(1,906)	—
Income taxes payable	—	468	468
Total current liabilities	140,333	—	140,333
Long-term debt, net of current portion	690,838	(690,838)	—
Long-term debt, net of current maturities	—	697,619	697,619
Operating leases, net of current portion	14,940	(14,940)	—
Other long-term liabilities	—	14,940	14,940
Finance leases, net of current portion	6,781	(6,781)	—
Deferred tax liabilities	31,561	(31,561)	—
Deferred income taxes	—	31,561	31,561
Total liabilities	884,453	—	884,453
Shareholders' equity:			
Additional paid-in-capital	447,850	(447,850)	—
Capital in excess of par value	—	447,850	447,850
Accumulated deficit	(265,098)	265,098	—
Retained earnings (deficit)	—	(265,098)	(265,098)
Total shareholders' equity	182,752	—	182,752
Total liabilities and shareholders' equity	$1,067,205	$—	$1,067,205

RECLASSIFIED CONSOLIDATED COMBINED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands)

	Wencor Year Ended December 31, 2022	Reclassification Adjustments	Wencor Reclassified Year Ended December 31, 2022
Net sales	$487,530	$—	$487,530
Cost of sales	300,866	—	$300,866
Gross profit	186,664	—	186,664
Operating expenses			
Selling, general and administrative expenses	112,264	—	112,264
Total operating expenses	112,264	—	112,264
Operating income	74,400	—	74,400
Other expense			
Interest expense, net	(47,033)	47,033	—
Interest expense	—	(47,033)	(47,033)
Other expense, net	(183)	183	—
Other income (expense)	—	(183)	(183)
Total other expense	(47,216)	—	(47,216)
Income before income taxes	27,184	—	27,184
Income tax provision	(6,644)	6,644	—
Income tax expense	—	(6,644)	(6,644)
Net income	$20,540	$—	$20,540

RECLASSIFIED CONDENSED CONSOLIDATED COMBINED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands)

	Wencor Three Months Ended December 31, 2022	Wencor Six Months Ended June 30, 2023	Reclassification Adjustments	Wencor Reclassified Nine Months Ended June 30, 2023
Net sales	$127,852	$353,860	$—	$481,712
Cost of sales	79,225	217,711	—	$296,936
Gross profit	48,627	136,149	—	184,776
Operating expenses				
Selling, general and administrative expenses	29,696	79,867	—	109,563
Total operating expenses	29,696	79,867	—	109,563
Operating income	18,931	56,282	—	75,213
Other expense				
Interest expense, net	(14,669)	(37,967)	52,636	—
Interest expense	—	—	(52,636)	(52,636)
Other expense, net	201	73	(274)	—
Other income	—	—	274	274
Total other expense	(14,468)	(37,894)	—	(52,362)
Income before income taxes	4,463	18,388	—	22,851
Income tax provision	(1,894)	(6,567)	8,461	—
Income tax expense	—	—	(8,461)	(8,461)
Net income	$2,569	$11,821	$—	$14,390

5. ADJUSTMENTS TO THE PRO FORMA FINANCIAL STATEMENTS

Adjustment to the Pro Forma Condensed Combined Balance Sheet

The pro forma adjustments to the unaudited pro forma condensed combined balance sheet as of July 31, 2023, are as follows:

Debt Financing Transactions Accounting Adjustments

a. Represents an adjustment for borrowing $1,400.0 million under the Company's revolving credit facility to fund a portion of the Wencor Acquisition.

Wencor Acquisition Transaction Accounting Adjustments

b. Represents adjustments for the payment of the $1.923.2 million cash consideration, including the settlement of Wencor's term loans of $737.1 million and the removal of $12.2 million of associated deferred financing fees, the recognition of $16.4 million of acquisition costs incurred by the Company subsequent to the pro forma period presented, and the settlement of $6.8 million of acquisition costs accrued by Wencor as of the close of the Wencor Acquisition.

c. Represents adjustments for the issuance of 1,137,628 shares of HEICO Class A Common Stock at a per share closing price of $141.85.

d. Represents fair value adjustments of $288.8 million and $6.5 million to certain intangible assets and property, plant and equipment, respectively, acquired from Wencor and a fair value adjustment of $1.9 million to a certain liability assumed from Wencor. Refer to Note 3, Preliminary Purchase Price Allocation, for details of the purchase price allocation.

e. Represents a $64.1 million adjustment to deferred income tax liabilities resulting from fair value adjustments of assets acquired and liabilities assumed and a $31.4 million release of Wencor's deferred income tax assets valuation allowance.

f. Represents a $447.9 million reduction in Wencor's capital in excess of par value and a $265.1 million reduction in Wencor's retained deficit, to close out the equity of Wencor.

Adjustment to the Pro Forma Condensed Combined Statement of Operations for the fiscal year ended October 31, 2022

The pro forma adjustments included in the unaudited pro forma condensed combined statement of operations for the fiscal year ended October 31, 2022, are as follows:

Debt Financing Transactions Accounting Adjustments

aa. Represents a $100.3 million adjustment and a $28.5 million adjustment for interest expense from the borrowing under the Company's revolving credit facility and the issuance of the Notes (including amortization of debt discount and debt issuance costs), respectively, and a $.4 million adjustment for the incremental amortization of loan costs associated with the revolving credit facility. A 1/8 percent variance in the variable interest rate of the Company's revolving credit facility would result in a $1.8 million change in interest expense for the fiscal year ended October 31, 2022.

bb. Represents a $31.5 million reduction in income tax expense for the income tax impact of pro forma adjustments included in the unaudited pro forma condensed combined statement of operations utilizing an estimated blended statutory rate of approximately 24.4% for the Company. The estimated blended statutory rate is preliminary and could be different depending on post-acquisition activities, the geographical mix of income and changes in tax law.

Wencor Acquisition Transaction Accounting Adjustments

cc. Represents a $28.7 million adjustment and a $1.2 million adjustment for the incremental intangible asset amortization expense and property, plant and equipment depreciation expense, respectively, as a result of the fair value adjustments of such assets that were acquired through the Wencor Acquisition. The intangible asset amortization expense and the property, plant and equipment depreciation expense in the historical Wencor consolidated statement of operations and comprehensive income were $17.3 million and $7.7 million, respectively.

dd. Represents a $16.4 million adjustment for acquisition costs incurred by the Company subsequent to the pro forma period presented. Acquisition costs incurred by the Company are non-recurring, totaled $19.9 million and are principally related to banker, brokerage, legal and professional services.

ee. Represents a $46.4 million adjustment to reverse historical interest expense recorded by Wencor in the pro forma period presented. The aforementioned interest expense was associated with certain Wencor debt that was fully repaid at the close of the Wencor Acquisition.

ff. Represents a $1.9 million adjustment in income tax expense for the income tax impact of pro forma adjustments included in the unaudited pro forma condensed combined statement of operations (adjusted for non-deductible acquisition costs) utilizing estimated blended statutory rates of approximately 24.4% and 21.9%, respectively, for the Company and Wencor. The estimated blended statutory rates are preliminary and could be different depending on post-acquisition activities, the geographical mix of income and changes in tax law.

gg. Represents an adjustment for the issuance of 1,137,628 shares of HEICO Class A Common Stock.

Adjustment to the Pro Forma Condensed Combined Statement of Operations for the nine months ended July 31, 2023

The pro forma adjustments included in the unaudited pro forma condensed combined statement of operations for the nine-month period ended July 31, 2023, are as follows:

Debt Financing Transactions Accounting Adjustments

aaa. Represents a $75.2 million adjustment and a $21.1 million adjustment for interest expense resulting from the borrowing under the Company's revolving credit facility and the issuance of the Notes (including amortization of debt discount and debt issuance costs), respectively, and a $.3 million adjustment for the incremental amortization of loan costs associated with the revolving credit facility. A 1/8 percent variance in the variable interest rate of the Company’s revolving credit facility would result in a $1.3 million change in interest expense for the nine months ended July 31, 2023.

bbb. Represents a $23.6 million reduction in income tax expense for the income tax impact of pro forma adjustments included in the unaudited pro forma condensed combined statement of operations utilizing an estimated blended statutory rate of approximately 24.4% for the Company. The estimated blended statutory rate is preliminary and could be different depending on post-acquisition activities, the geographical mix of income and changes in tax law.

Wencor Acquisition Transaction Accounting Adjustments

ccc. Represents a $19.0 million adjustment and a $.9 million adjustment for the incremental intangible asset amortization expense and property, plant and equipment depreciation expense, respectively, as a result of the fair value adjustments of such assets that were acquired through the acquisition. The intangible asset amortization expense and the property, plant and equipment depreciation expense in the historical Wencor consolidated statement of operations and comprehensive income were $14.9 million and $5.7 million, respectively.

ddd. Represents a $52.2 million adjustment to reverse historical interest expense recorded by Wencor in the pro forma period presented. The aforementioned interest expense was associated with certain Wencor debt that was fully repaid at the close of the Wencor Acquisition.

eee. Represents a $5.7 million adjustment in income tax expense for the income tax impact of pro forma adjustments included in the unaudited pro forma condensed combined statement of operations utilizing an estimated blended statutory rate of approximately 21.9% for Wencor. The estimated blended statutory rate is preliminary and could be different depending on post-acquisition activities, the geographical mix of income and changes in tax law.

fff. Represents an adjustment for the issuance of 1,137,628 shares of HEICO Class A Common Stock.

6. EARNINGS PER SHARE

Earnings per share represents the net income per share calculated using the historical weighted average shares outstanding and the issuance of additional shares in connection with the business combination and other related events, assuming such additional shares were outstanding as of November 1, 2021. As the Wencor Acquisition and the Debt Financing Transactions are being reflected as if they occurred as of November 1, 2021, the calculation of weighted average shares outstanding for basic and diluted net income per share assumes the shares issued in connection with the business combination have been outstanding for the entire periods presented.

The computation of basic and diluted net income per share attributable to HEICO shareholders is as follows (in thousands, except per share data):

	Pro forma period for the year ended October 31, 2022	**Pro forma period for the nine months ended July 31, 2023**
Numerator:		
Net income attributable to HEICO	$272,800	$268,101
Denominator:		
Historical weighted average common shares outstanding - basic	136,010	136,859
Equity issued to satisfy aggregate purchase consideration	1,138	1,138
Weighted average common shares outstanding - basic	137,148	137,997
Effect of dilutive stock options	2,027	1,757
Weighted average common shares outstanding - diluted	139,175	139,754
Net income per share attributable to HEICO shareholders:		
Basic	$1.99	$1.94
Diluted	$1.96	$1.92