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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 27, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 001-08174

DUCOMMUN INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	**95-0693330**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
600 Anton Boulevard, Suite 1100, Costa Mesa, California	**92626-7100**
(Address of principal executive offices)	**(Zip code)**

Registrant's telephone number, including area code: (657) 335-3665

N/A
(Former name, former address and former fiscal year, if changed since last report)

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	**DCO**	**New York Stock Exchange**

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

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

As of October 28, 2025, the registrant had 14,946,052 shares of common stock outstanding.

DUCOMMUN INCORPORATED AND SUBSIDIARIES

FORWARD-LOOKING STATEMENTS AND RISK FACTORS

This Quarterly Report on Form 10-Q ("Form 10-Q") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be preceded by, followed by or include words such as "could," "may," "believe," "expect," "anticipate," "plan," "estimate," "expect," "would," or similar expressions. These statements are based on the beliefs and assumptions of our management at the time such statements are made. Generally, forward-looking statements include information concerning our possible or assumed future actions, events or results of operations. Forward-looking statements specifically include, without limitation, the information in this Form 10-Q regarding: future sales, earnings, cash flow, revenue recognition, uses of cash and other measures of financial performance, projections or expectations for future operations, including costs to complete contracts, goodwill impairment evaluations, useful life of intangible assets, unrecognized tax benefits and effective tax rate, possible labor disruptions, environmental remediation costs, insurance recoveries, industry trends and expectations, including ramp up times for build rates, our plans with respect to restructuring activities, capital expenditures, completed acquisitions, future acquisitions and dispositions and expected business opportunities that may be available to us.

Although we believe that the expectations reflected in the forward-looking statements are based on reasonable assumptions, these forward-looking statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. We cannot guarantee future results, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. All written and oral forward-looking statements made in connection with this Form 10-Q that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by the "Risk Factors" contained within Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024 ("Form 10-K").

There can be no assurance that other factors will not affect the accuracy of these forward-looking statements or that our actual results will not differ materially from the results anticipated in such forward-looking statements. While it is impossible to identify all such factors, some factors that could cause actual results to differ materially from those estimated by us include, but are not limited to, those factors or conditions described under Risk Factors contained within Part I, Item 1A of our Form 10-K and the following:

- our level of indebtedness due to the considerable amount of cash needed to run our business;
- our ability to service our indebtedness;
- the covenants in our credit facilities impose restrictions that may limit our operating and financial flexibility;
- the typical trading volume of our common stock may affect an investor's ability to sell significant stock holdings in the future without negatively impacting our stock price;
- our amount of debt may require us to raise additional capital to fund acquisitions;
- our end use markets are cyclical and we depend upon a select base of industries and customers;
- a significant portion of our business depends on the U.S. government defense spending;
- risks associated with a prolonged U.S. federal government shutdown;
- exports of certain of our products and our production facility in Guaymas, Mexico are subject to various export control regulations and authorizations for proposed sales to certain foreign customers;
- risks associated with existing and new tariffs imposed by the U.S. administration or foreign governments potentially impacting the operation and conduct of our business outside the United States, including our production facility in Mexico, sale of products to customers outside the United States and the import of raw materials and equipment from suppliers outside the United States;
- contracts with some of our customers give them a variety of rights that are unfavorable to us and the OEMs to whom we provide products and services, including the ability to terminate a contract at any time for convenience;
- we are and may continue to be subject to subrogation claims asserted by third-party insurers, including the carrier of the entity that provides the labor and facilities for our Guaymas performance center through an arbitration proceeding currently pending in Arizona with respect to the Guaymas performance center fire, which may become material;
- further consolidation in the aerospace industry;
- our ability to execute our growth strategy, which includes evaluating select acquisitions;

- labor disruptions and the ability of our suppliers to meet the quality and delivery expectations of our customers;
- we may not be successful in achieving expected operating efficiencies and sustaining or improving operating expense reductions, and may experience business disruptions associated with restructuring, performance center consolidations, realignment, cost reduction, and other strategic initiatives;
- enhanced design, product development, manufacturing, supply chain project management and other skills will be required as we move up the value chain to become a more value added supplier, and we are dependent upon our ability to attract and retain key personnel;
- customer pricing pressures could reduce the demand and/or price for our products and services;
- our products and processes are subject to risk of obsolescence as a result of changes in technology and evolving industrial and regulatory standards;
- we may not have the ability to renew facilities leases on terms favorable to us and relocation of operations presents risks due to business interruptions;
- our operations are subject to numerous extensive, complex, costly and evolving laws, regulations and restrictions, including the Defense Contract Audit Agency and cybersecurity requirements;
- we are subject to a number of procurement laws with which we must comply;
- possible goodwill and other asset impairments;
- the risk of environmental liabilities and our environmental, social and governance, and sustainability responsibilities;
- our ability to implement changes in estimates when bidding on fixed-price contracts;
- unanticipated changes in our tax provision or exposure to additional income tax liabilities;
- our ability to accurately report our financial results or prevent fraud if our internal control over financial reporting is not effective;
- cybersecurity attacks;
- assertions by third parties of violations of intellectual property rights; and
- damage or destruction of our facilities caused by natural disasters.

We caution the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this Form 10-Q. We do not undertake any duty or responsibility to update any of these forward-looking statements to reflect events or circumstances after the date of this Form 10-Q, except as required by law.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

Ducommun Incorporated and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)
(Dollars in thousands, except share and per share data)

	September 27, 2025	December 31, 2024
Assets		
Current Assets		
Cash and cash equivalents	$ 50,918	$ 37,139
Accounts receivable, net of allowance for credit losses of $2,039 and $2,630 at September 27, 2025 and December 31, 2024, respectively	111,269	109,716
Contract assets	248,402	200,584
Inventories	192,817	196,881
Production cost of contracts	5,685	6,802
Other current assets	72,259	16,959
Total Current Assets	681,350	568,081
Property and Equipment, Net of Accumulated Depreciation of $202,781 and $194,921 at September 27, 2025 and December 31, 2024, respectively	107,361	109,812
Operating Lease Right-of-Use Assets	42,173	28,611
Goodwill	244,600	244,600
Intangibles, Net	137,027	149,591
Deferred Income Taxes	18,172	2,239
Other Assets	17,887	23,167
Total Assets	$ 1,248,570	$ 1,126,101
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$ 85,281	$ 75,784
Contract liabilities	34,450	34,445
Accrued and other liabilities	194,227	44,214
Operating lease liabilities	7,796	8,531
Current portion of long-term debt	12,500	12,500
Total Current Liabilities	334,254	175,474
Long-Term Debt, Less Current Portion	215,046	229,830
Non-Current Operating Lease Liabilities	36,129	21,284
Other Long-Term Liabilities	14,096	16,983
Total Liabilities	599,525	443,571
Commitments and Contingencies (Notes 8, 10)		
Shareholders' Equity		
Common Stock - $0.01 par value; 35,000,000 shares authorized; 14,945,835 and 14,781,218 shares issued and outstanding at September 27, 2025 and December 31, 2024, respectively	149	148
Additional Paid-In Capital	229,980	217,523
Retained Earnings	412,093	453,475
Accumulated Other Comprehensive Income	6,823	11,384
Total Shareholders' Equity	649,045	682,530
Total Liabilities and Shareholders' Equity	$ 1,248,570	$ 1,126,101

See accompanying notes to Condensed Consolidated Financial Statements.

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Ducommun Incorporated and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net Revenues	$ 212,558	$ 201,412	$ 608,932	$ 589,259
Cost of Sales	156,083	148,736	447,122	438,401
Gross Profit	56,475	52,676	161,810	150,858
Selling, General and Administrative Expenses	36,267	35,486	106,820	104,498
Restructuring Charges	583	1,924	1,617	4,548
Litigation Settlement and Related Costs, Net	99,675	—	99,675	—
Operating (Loss) Income	(80,050)	15,266	(46,302)	41,812
Interest Expense	(2,927)	(3,829)	(9,198)	(11,687)
Other Income	—	—	1,746	—
(Loss) Income Before Taxes	(82,977)	11,437	(53,754)	30,125
Income Tax (Benefit) Expense	(18,531)	1,289	(12,372)	5,404
Net (Loss) Income	$ (64,446)	$ 10,148	$ (41,382)	$ 24,721
(Loss) Earnings Per Share				
Basic (loss) earnings per share	$ (4.30)	$ 0.69	$ (2.77)	$ 1.68
Diluted (loss) earnings per share	$ (4.30)	$ 0.67	$ (2.77)	$ 1.65
Weighted-Average Number of Common Shares Outstanding				
Basic	14,978	14,806	14,925	14,758
Diluted	14,978	15,039	14,925	14,981

See accompanying notes to Condensed Consolidated Financial Statements.

Ducommun Incorporated and Subsidiaries
Condensed Consolidated Statements of Comprehensive (Loss) Income
(Unaudited)
(Dollars in thousands)

	Three Months Ended		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net (Loss) Income	$ (64,446)	$ 10,148	$ (41,382)	$ 24,721
Other Comprehensive (Loss) Income, Net of Tax:				
Amortization of actuarial losses and prior service costs, net of tax of $6 and $14 for the three months ended September 27, 2025 and September 28, 2024, respectively, and $19 and $43 for the nine months ended September 27, 2025 and September 28, 2024, respectively.	19	43	58	129
Change in net unrealized (losses) gains on cash flow hedges, net of tax (benefit) expense of $(203) and $(1,543) for the three months ended September 27, 2025 and September 28, 2024, respectively, and $(1,388) and $(806) for the nine months ended September 27, 2025 and September 28, 2024, respectively.	(687)	(5,060)	(4,619)	(2,648)
Other Comprehensive (Loss) Income, Net of Tax	(668)	(5,017)	(4,561)	(2,519)
Comprehensive (Loss) Income	$ (65,114)	$ 5,131	$ (45,943)	$ 22,202

See accompanying notes to Condensed Consolidated Financial Statements.

Ducommun Incorporated and Subsidiaries
Condensed Consolidated Statements of Changes in Shareholders’ Equity
(Unaudited)
(Dollars in thousands)

	Shares Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders’ Equity
Balance at December 31, 2023	**14,600,766**	**$ 146**	**$ 206,197**	**$ 421,980**	**$ 7,771**	**$ 636,094**
Net income	—	—	—	14,573	—	14,573
Other comprehensive income, net of tax	—	—	—	—	2,498	2,498
Employee stock purchase plan	28,773	—	1,190	—	—	1,190
Stock options exercised	11,947	—	415	—	—	415
Stock awards vested	210,159	2	(2)	—	—	—
Stock repurchased related to the exercise of stock options and stock awards vested	(104,724)	(1)	(5,288)	—	—	(5,289)
Stock-based compensation	—	—	6,418	—	—	6,418
Balance at June 29, 2024	**14,746,921**	**147**	**208,930**	**436,553**	**10,269**	**655,899**
Net income	—	—	—	10,148	—	10,148
Other comprehensive loss, net of tax	—	—	—	—	(5,017)	(5,017)
Employee stock purchase plan	26,447	—	1,132	—	—	1,132
Stock options exercised	8,933	—	358	—	—	358
Stock awards vested	2,205	1	(1)	—	—	—
Stock repurchased related to the exercise of stock options and stock awards vested	(7,879)	—	(508)	—	—	(508)
Stock-based compensation	—	—	3,560	—	—	3,560
Balance at September 28, 2024	**14,776,627**	**$ 148**	**$ 213,471**	**$ 446,701**	**$ 5,252**	**$ 665,572**
Balance at December 31, 2024	**14,781,218**	**$ 148**	**$ 217,523**	**$ 453,475**	**$ 11,384**	**$ 682,530**
Net income	—	—	—	23,064	—	23,064
Other comprehensive loss, net of tax	—	—	—	—	(3,893)	(3,893)
Employee stock purchase plan	24,412	1	1,293	—	—	1,294
Stock options exercised	6,610	—	270	—	—	270
Stock awards vested	202,881	2	(2)	—	—	—
Stock repurchased related to the exercise of stock options and stock awards vested	(92,324)	(2)	(5,643)	—	—	(5,645)
Stock-based compensation	—	—	10,211	—	—	10,211
Balance at June 28, 2025	**14,922,797**	**149**	**223,652**	**476,539**	**7,491**	**707,831**
Net loss	—	—	—	(64,446)	—	(64,446)
Other comprehensive loss, net of tax	—	—	—	—	(668)	(668)
Employee stock purchase plan	20,447	—	1,188	—	—	1,188
Stock options exercised	1,400	—	54	—	—	54
Stock awards vested	3,356	1	(1)	—	—	—
Stock repurchased related to the exercise of stock options and stock awards vested	(2,165)	(1)	(191)	—	—	(192)
Stock-based compensation	—	—	5,278	—	—	5,278
Balance at September 27, 2025	**14,945,835**	**$ 149**	**$ 229,980**	**$ 412,093**	**$ 6,823**	**$ 649,045**

See accompanying notes to Condensed Consolidated Financial Statements.

Ducommun Incorporated and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

	Nine Months Ended	
	September 27, 2025	September 28, 2024
Cash Flows from Operating Activities		
Net (Loss) Income	$ (41,382)	$ 24,721
Adjustments to Reconcile Net (Loss) Income to		
Net Cash Provided by Operating Activities:		
Depreciation and amortization	25,195	25,129
Non-cash operating lease cost	6,631	6,329
Stock-based compensation expense	17,511	12,753
Deferred income taxes	(14,563)	(7,972)
Provision for credit losses	10	675
Gain on sale of property and other assets	(1,746)	—
Litigation settlement and related costs, net	97,667	—
Other	909	190
Changes in Assets and Liabilities:		
Accounts receivable	(1,563)	(3,713)
Contract assets	(47,818)	(43,748)
Inventories	4,064	13,428
Production cost of contracts	790	1,902
Other assets	(67)	4,129
Accounts payable	10,011	3,298
Contract liabilities	5	(16,617)
Operating lease liabilities	(5,888)	(6,300)
Accrued and other liabilities	(8,484)	1,552
Net Cash Provided by Operating Activities	**41,282**	**15,756**
Cash Flows from Investing Activities		
Purchases of property and equipment	(11,172)	(10,280)
Proceeds from sale of property and other assets	1,979	—
Proceeds from sale of assets	138	—
Net Cash Used in Investing Activities	**(9,055)**	**(10,280)**
Cash Flows from Financing Activities		
Borrowings from senior secured revolving credit facility	25,000	20,000
Repayments of senior secured revolving credit facility	(33,800)	(25,000)
Repayments of term loan	(6,250)	(3,125)
Repayments of other debt	(279)	(246)
Net cash paid upon issuance of common stock under stock plans	(3,119)	(2,702)
Net Cash Used in Financing Activities	**(18,448)**	**(11,073)**
Net Increase (Decrease) in Cash and Cash Equivalents	13,779	(5,597)
Cash and Cash Equivalents at Beginning of Period	37,139	42,863
Cash and Cash Equivalents at End of Period	**$ 50,918**	**$ 37,266**

See accompanying notes to Condensed Consolidated Financial Statements.

Ducommun Incorporated and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1. Summary of Significant Accounting Policies

Description of Business

We are a leading global provider of innovative, value-added proprietary products and manufacturing solutions for high-performance products and high-cost-of failure applications used primarily in the aerospace and defense ("A&D"), industrial, medical and other industries (collectively, "Industrial"). Our operations are organized into two primary businesses: the Electronic Systems segment ("Electronic Systems") and the Structural Systems segment ("Structural Systems"), each of which is a reportable operating segment. Electronic Systems designs, engineers and manufactures high-reliability electronic and electromechanical products used in worldwide technology-driven markets including A&D and Industrial end-use markets. Electronic Systems' product offerings primarily range from prototype development to complex assemblies. Structural Systems designs, engineers and manufactures large, complex contoured aerostructure components and assemblies and supplies composite and metal bonded structures and assemblies. Structural Systems' products are primarily used on commercial aircraft, military fixed-wing aircraft, and military and commercial rotary-wing aircraft. Both reportable operating segments follow the same accounting principles.

Basis of Presentation

The unaudited condensed consolidated financial statements include the accounts of Ducommun Incorporated and its subsidiaries ("Ducommun," the "Company," "we," "us" or "our"), after eliminating intercompany balances and transactions. The December 31, 2024 condensed consolidated balance sheet data was derived from audited financial statements, but does not contain all disclosures required by accounting principles generally accepted in the United States of America ("GAAP").

Our significant accounting policies were described in Part IV, Item 15(a)(1), "Note 1. Summary of Significant Accounting Policies" in our Annual Report on Form 10-K for the year ended December 31, 2024 ("2024 Form 10-K"). The financial information included in this Quarterly Report on Form 10-Q ("Form 10-Q") should be read in conjunction with the 2024 Form 10-K.

In the opinion of management, all adjustments, including recurring accruals, have been made that are necessary to fairly state our condensed consolidated financial position, statements of operations, comprehensive (loss) income, changes in shareholders' equity, and cash flows in accordance with GAAP for the periods covered by this Form 10-Q. The results of operations for the three and nine months ended September 27, 2025 are not necessarily indicative of the results to be expected for the full year ending December 31, 2025.

Our fiscal quarters end on the Saturday closest to the end of March, June and September for the first three fiscal quarters of each year, and on December 31 for our fourth fiscal quarter. As a result of using fiscal quarters for the first three quarters combined with leap years, our first and fourth fiscal quarters can range between 12 1/2 weeks to 13 1/2 weeks while the second and third fiscal quarters remain at a constant 13 weeks per fiscal quarter.

Certain reclassifications have been made to prior period amounts to conform to the current year's presentation.

Use of Estimates

Certain amounts and disclosures included in the unaudited condensed consolidated financial statements require management to make estimates and judgments that affect the amounts of assets, liabilities (including contract liabilities), revenues and expenses, and related disclosures of contingent assets and liabilities. These estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Subsequent Event

Subsequent to our three months ended September 27, 2025, on October 3, 2025, we entered into a binding settlement term sheet (the "Term Sheet") to resolve the previously disclosed Guaymas fire litigation against us. The Term Sheet provides for, among other things, the final dismissal of the Guaymas fire litigation against us with prejudice and a release of claims against us in exchange for us issuing a payment of $150.0 million, $56.0 million of which is expected to be funded by our insurance carriers. In addition, on October 9, 2025, we also settled an ancillary subrogation claim related to the fire for $1.4 million. We recorded the aggregate total litigation settlement costs of $151.4 million, which is included as part of the operating loss, and the related accrual which is included as part of accrued and other liabilities during the three months ended September 27, 2025 as such conditions existed as of the end of our fiscal third quarter. In addition, we recorded an insurance recovery receivable of

$56.0 million related to the Guaymas fire litigation, which is included as other current assets on our condensed consolidated balance sheets, as it is probable of collection based on the terms of the applicable insurance policies and the settlement agreement and communications with our insurance carriers. The litigation settlement costs in our condensed consolidated statements of operations are shown net of this insurance receivable. See Note 10.

Sale of Property

In June 2025, we sold our Berryville, Arkansas facility (consisted of land, building, and building improvements) ("Berryville Property") for $2.0 million, which was part of our Electronic Systems segment. This asset group was classified as assets held for sale as part of other current assets at the end of the first quarter of 2025, which is the quarter when manufacturing activities had ceased and the asset was ready for sale. The total carrying value of the land, building, and building improvements was $0.8 million, and thus, we recognized a gain of $1.2 million. See Note 2.

Unsolicited Non-Binding Indication of Interest

In April 2024, our Board of Directors ("BOD") confirmed receipt of the first unsolicited non-binding indication of interest dated April 1, 2024 ("First IOI") from Albion River LLC ("Albion"), a private direct investment firm. Albion expressed interest in acquiring all the outstanding shares of Ducommun for $60.00 per share in cash. Later in April 2024, we issued a press release responding to the First IOI that the BOD had unanimously determined it was not in the best interests of Ducommun and Ducommun shareholders to pursue further discussions regarding the proposal.

In July 2024, our BOD received an unsolicited revised non-binding indication of interest from Albion ("Second IOI"), to acquire all outstanding shares of Ducommun for $65.00 per share in cash. Later in July 2024, we issued a press release responding to the Second IOI that the BOD had unanimously determined it was not in the best interests of Ducommun and Ducommun shareholders to pursue further discussions regarding the revised proposal.

In November 2024, Albion filed a Schedule 13D/A with the SEC stating that it no longer intended to maintain an active role with Ducommun and that it had reduced its stock ownership to 737,992 shares of our common stock. On February 10, 2025, Albion filed a Schedule 13G/A with the SEC reporting that Albion had liquidated its holdings and no longer owned any shares of Ducommun as of December 31, 2024.

Supplemental Cash Flow Information

	(Dollars in thousands)	
	Nine Months Ended	
	September 27, 2025	September 28, 2024
Interest paid, net	$ 6,728	$ 9,452
Taxes paid, net	$ 2,096	$ 8,194
Non-cash activities:		
Purchases of property and equipment not paid	$ 573	$ 674

Earnings Per Share

Basic earnings per share are computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding in each period. Diluted earnings per share is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding, plus any potentially dilutive shares that could be issued if exercised or converted into common stock in each period.

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The net income and weighted-average common shares outstanding used to compute earnings per share were as follows:

	(Dollars in thousands, except per share data) Three Months Ended		(Dollars in thousands, except per share data) Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net (loss) income	$ (64,446)	$ 10,148	$ (41,382)	$ 24,721
Weighted-average number of common shares outstanding				
Basic weighted-average common shares outstanding	14,978	14,806	14,925	14,758
Dilutive potential common shares	—	233	—	223
Diluted weighted-average common shares outstanding	14,978	15,039	14,925	14,981
(Loss) earnings per share				
Basic	$ (4.30)	$ 0.69	$ (2.77)	$ 1.68
Diluted	$ (4.30)	$ 0.67	$ (2.77)	$ 1.65

Potentially dilutive stock awards, as shown below, were excluded from the computation of diluted earnings per share because their inclusion would have been anti-dilutive. However, these awards may be potentially dilutive common shares in the future.

	(In thousands) Three Months Ended		(In thousands) Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Stock options and stock units	385	2	344	50

Fair Value

Assets and liabilities that are measured, recorded or disclosed at fair value on a recurring basis are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine the fair value. Level 1, the highest level, refers to the values determined based on quoted prices in active markets for identical assets. Level 2 refers to fair values estimated using significant observable inputs. Level 3, the lowest level, includes fair values estimated using significant unobservable inputs.

We have money market funds which are included as cash and cash equivalents. We also have forward interest rate swap agreements and the fair value of the forward interest rate swap agreements was determined using pricing models that use observable market inputs as of the balance sheet date, a Level 2 measurement.

There were no transfers between Level 1, Level 2, or Level 3 financial instruments in the three months ended September 27, 2025.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid instruments purchased with original maturities of three months or less. These assets are valued at cost, which approximates fair value, and we classify as Level 1. See Fair Value above.

Derivative Instruments

We recognize derivative instruments on our condensed consolidated balance sheets at their fair value. On the date that we enter into a derivative contract, we designate the derivative instrument as a fair value hedge, a cash flow hedge, or a derivative instrument that will not be accounted for using hedge accounting methods. In November 2021, we entered into forward interest rate swap agreements with an aggregate notional amount of $150.0 million, all with an effective date of January 2024 (“Forward Interest Rate Swaps”), to manage our exposure to interest rate movements on a portion of our debt. At the time we entered into the Forward Interest Rate Swaps, there was a high probability of forecasted interest payments on our debts occurring and the swaps were highly effective in offsetting those interest payments; therefore, we elected to apply cash flow hedge accounting. In July 2022, as a result of refinancing all our existing debt, which allowed borrowing based on a Secured Overnight Financing Rate (“SOFR”), we were required to complete an amendment of the Forward Interest Rate Swaps from One Month London Interbank Offered Rate (“LIBOR”) to One Month Term SOFR (“Amended Forward Interest Rate Swaps”), which occurred on the same day. After the transition of the Forward Interest Rate Swaps and debt to SOFR was completed, we determined the hedging relationships were still highly effective as of the amendment date. See Note 3 and Note 7. As of September 27, 2025, all of our derivative instruments were designated as cash flow hedges.

We record changes in the fair value of a derivative instrument that is highly effective and that is designated and qualifies as a cash flow hedge in other comprehensive income (loss), net of tax until our earnings are affected by the variability of cash flows of the underlying hedged item. We report changes in the fair values of derivative instruments that are not designated or do not qualify for hedge accounting in current period earnings. We classify cash flows from derivative instruments in the condensed consolidated statements of cash flows in the same category as the item being hedged or on a basis consistent with the nature of the instrument. See Note 3.

When we determine that a derivative instrument is not highly effective as a hedge, we discontinue hedge accounting prospectively. In all situations in which we discontinue hedge accounting and the derivative instrument remains outstanding, we will carry the derivative instrument at its fair value on our condensed consolidated balance sheets and recognize subsequent changes in its fair value in our current period earnings.

Inventories

Inventories are stated at the lower of cost or net realizable value with cost being determined using a moving average cost basis for raw materials and actual cost for work-in-process and finished goods. The majority of our inventory is charged to cost of sales as raw materials are placed into production. Inventoried costs include raw materials, outside processing, direct labor and allocated overhead, adjusted for any abnormal amounts of idle performance center expense, freight, handling costs, and wasted materials (spoilage) incurred. We assess the inventory carrying value and reduce it, if necessary, to its net realizable value based on customer orders on hand, and internal demand forecasts using management's best estimates given information currently available. The majority of our revenues are recognized over time, however, for revenue contracts where revenue is recognized using the point in time method, inventory is not reduced until it is shipped or transfer of control to the customer has occurred. Our ending inventory consists of raw materials, work-in-process, and finished goods.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income, as reflected on the condensed consolidated balance sheets under the equity section, was comprised of cumulative pension and retirement liability adjustments, net of tax, and change in net unrealized gains and losses on cash flow hedges, net of tax.

Revenue Recognition

Our customers typically engage us to manufacture products based on designs and specifications provided by the end-use customer. This requires the building of tooling and manufacturing first article inspection products (prototypes) before volume manufacturing. Contracts with our customers generally include a termination for convenience clause.

We have a significant number of contracts that are started and completed within the same year, as well as contracts derived from long-term agreements and programs that can span several years. We recognize revenue under ASC 606, “Revenue from Contracts with Customers” (“ASC 606”), which utilizes a five-step model.

The definition of a contract for us is typically defined as a customer purchase order as this is when we achieve an enforceable right to payment. The majority of our contracts are firm fixed-price contracts. The deliverables within a customer purchase order are analyzed to determine the number of performance obligations. In addition, at times, in order to achieve economies of scale and based on our customer's forecasted demand, we may build in advance of receiving a purchase order from our customer. When that occurs, we would not recognize revenue until we have received the customer purchase order.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, control is transferred and the performance obligation is satisfied. The majority of our contracts have a single performance obligation as the promise to transfer the individual goods or services are highly interrelated or met the series guidance. For contracts with multiple performance obligations, we allocate the contract transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract. The primary method used to estimate the standalone selling price is the expected cost plus a margin approach, under which we forecast our expected costs of satisfying a performance obligation and then add an appropriate margin for that distinct good or service.

We manufacture most products to customer specifications, and the product cannot be easily modified for another customer. As such, these products are deemed to have no alternative use once we have allocated the raw materials to a customer order. In the event the customer invokes a termination for convenience clause, we would be entitled to costs incurred to date plus a reasonable profit. Contract costs typically include labor, materials, overhead, and when applicable, subcontractor costs. For most of our products, we are building assets with no alternative use and have enforceable right to payment, and thus, we recognize revenue using the over time method.

The majority of our performance obligations are satisfied over time as work progresses. Typically, revenue is recognized over time using an input measure (i.e., costs incurred to date relative to total estimated costs at completion, also known as cost-to-cost plus reasonable profit) to measure progress. Our typical revenue contract is a firm fixed price contract, and the cost of raw materials could make up a significant amount of the total costs incurred. As such, we believe using the total costs incurred input method would be the most appropriate method. While the cost of raw materials could make up a significant amount of the total costs incurred, there is a direct relationship between our inputs and the transfer of control of goods or services to the customer.

Contract estimates, known as “estimates at completion,” are based on various assumptions to project the outcome of future events that can span multiple months or years. These assumptions include among others, actual gross profits on the same or similar products manufactured previously; labor productivity and availability; the complexity of the work to be performed; the cost and availability of materials; overhead cost rates; and the performance of subcontractors. As a significant change in one or more of these estimates could affect the progress completed (and related profitability) on our contracts, we review and update our contract-related estimates on a regular basis. We recognize such adjustments under the cumulative catch-up method. Under this method, the impact of the adjustment is recognized in the period the adjustment is identified. In any given reporting period, we have a large number of active contracts, which we have defined as a customer purchase order, and changes in estimates may occur on a significant number of these contracts. Given the significant number of contracts that we may have at any given point in time, the varied nature of products produced under such contracts, and the different assumptions, facts and circumstances associated with each individual contract, and the fact that such changes at the contract level are typically not material, we disclose cumulative catch-up adjustments on a net basis.

Net cumulative (unfavorable) favorable catch-up adjustments to contracts had the following impact on our operating results:

	(Dollars in thousands) Three Months Ended		(Dollars in thousands) Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Total net revenues	$ (515)	$ (1,054)	$ (640)	$ (2,602)
Operating income	$ (515)	$ (1,054)	$ (640)	$ (2,602)

Payments under long-term contracts may be received before or after revenue is recognized. When revenue is recognized before we bill our customer, a contract asset is created for the work performed but not yet billed. Similarly, when we receive payment before we ship our products to our customer and have met the shipping terms, a contract liability is created for the advance or progress payment. When a contract liability and a contract asset exist on the same contract, we report it on a net basis.

We record provisions for the total anticipated losses on contracts, considering total estimated costs to complete the contract compared to total anticipated revenues, in the period in which such losses are identified. The provisions for estimated losses on contracts require us to make certain estimates and assumptions, including those with respect to the future revenue under a contract and the future cost to complete the contract. Our estimate of the future cost to complete a contract may include assumptions as to changes in manufacturing efficiency, operating and material costs, and our ability to resolve claims and assertions with our customers. If any of these or other assumptions and estimates do not materialize in the future, we may be required to adjust the provisions for estimated losses on contracts. The provision for estimated losses on contracts is included as part of contract liabilities on the condensed consolidated balance sheets. As of September 27, 2025 and December 31, 2024, the provision for estimated losses on contracts were $4.9 million and $4.7 million, respectively. It is reasonably possible we may incur additional losses in the future.

Production cost of contracts includes non-recurring production costs, such as design and engineering costs, and tooling and other special-purpose machinery necessary to build parts as specified in a contract. Production costs of contracts are recorded to cost of sales using the over time revenue recognition model. We review the value of the production cost of contracts on a quarterly basis to ensure when added to the estimated cost to complete, the value is not greater than the estimated realizable value of the related contracts. As of September 27, 2025 and December 31, 2024, production cost of contracts were $5.7 million and $6.8 million, respectively.

Contract Assets and Contract Liabilities

Contract assets consist of our right to payment for work performed but not yet billed. Contract assets are transferred to accounts receivable when we bill our customers. We bill our customers when we ship the products and meet the shipping terms within the revenue contract. Contract liabilities consist of advance or progress payments received from our customers prior to the time transfer of control occurs plus the estimated losses on contracts. When a contract liability and a contract asset exist on the same contract, we report it on a net basis.

Contract assets and contract liabilities from revenue contracts with customers are as follows:

	(Dollars in thousands)	
	September 27, 2025	December 31, 2024
Contract assets	$ 248,402	$ 200,584
Contract liabilities	$ 34,450	$ 34,445

The increase in our contract assets as of September 27, 2025 compared to December 31, 2024 was primarily due to a net increase of products in work in process in the current period.

The increase in our contract liabilities as of September 27, 2025 compared to December 31, 2024 was primarily due to a net increase of advance or progress payments received from our customers in the current period. We recognized $20.0 million of the contract liabilities as of December 31, 2024 as revenues during the nine months ended September 27, 2025.

Performance obligations are defined as customer placed purchase orders (“POs”) with firm fixed price and firm delivery dates. Our remaining performance obligations as of September 27, 2025 totaled $1,031.2 million. Of the remaining performance obligations as of September 27, 2025, we anticipate recognizing an estimated 70% of our remaining performance obligations as revenue during the next 12 months with the remaining performance obligations being recognized in the remainder of 2026 and beyond.

Revenue by Category

In addition to the revenue categories disclosed above, the following table reflects our revenue disaggregated by major end-use market:

	(Dollars in thousands) Three Months Ended		(Dollars in thousands) Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Consolidated Ducommun				
Military and space	$ 125,569	$ 111,402	$ 356,141	$ 310,869
Commercial aerospace	76,539	84,626	225,914	251,186
Industrial	10,450	5,384	26,877	27,204
Total	$ 212,558	$ 201,412	$ 608,932	$ 589,259
Electronic Systems				
Military and space	$ 93,639	$ 85,433	$ 262,201	$ 227,925
Commercial aerospace	18,993	24,595	53,978	69,262
Industrial	10,450	5,384	26,877	27,204
Total	$ 123,082	$ 115,412	$ 343,056	$ 324,391
Structural Systems				
Military and space	$ 31,930	$ 25,969	$ 93,940	$ 82,944
Commercial aerospace	57,546	60,031	171,936	181,924
Total	$ 89,476	$ 86,000	$ 265,876	$ 264,868

Recent Accounting Pronouncements

New Accounting Pronouncements Adopted in 2025

In March 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2024-02, “Codification Improvements - Amendments to Remove References to the Concepts Statements,” which removed references to various FASB Concepts Statements and updates technical corrections such as conforming amendments, clarification to guidance, simplifications to wording or the structure of guidance, and other minor improvements. The new guidance is effective for fiscal years beginning after December 15, 2024, which is our annual period beginning January 1, 2025. The adoption of this accounting standard did not have a material impact on our condensed consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” which provides more transparency about tax information primarily related to the rate reconciliation and the income taxes paid.

The new guidance is effective for fiscal years beginning after December 15, 2024, which is our annual period beginning January 1, 2025. The adoption of this accounting standard did not have a material impact on our condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In September 2025, the FASB issued ASU 2025-06, “Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software,” which removes all references to prescriptive and sequential software development stages. Therefore, an entity is required to start capitalizing software costs when i) management has authorized and committed to funding the software project, and ii) it is probable that the project will be completed and the software will be used to perform the function intended. The new guidance is effective for fiscal years beginning after December 15, 2027, which is our annual period beginning January 1, 2028, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period. We are evaluating the impact of this standard.

In July 2025, the FASB issued ASU 2025-05, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets,” which provides a practical expedient on assessing credit losses that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. The new guidance is effective for fiscal years beginning after December 15, 2025, which is our annual period beginning January 1, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. We are evaluating the impact of this standard.

In January 2025, the FASB issued ASU 2025-01, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date,” which clarifies that all public business entities should initially adopt the disclosure requirements in the final annual reporting period beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. The new guidance is effective for fiscal years beginning after December 15, 2026, which is our annual period beginning January 1, 2027, and interim reporting periods beginning after December 15, 2027, which will be our interim period beginning January 1, 2028. Early adoption of ASU 2024-03 (described below) is permitted. We are evaluating the impact of this standard in conjunction with ASU 2024-03 below.

In November 2024, the FASB issued ASU 2024-03, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,” which requires additional information about specific expense categories in the notes to the financial statements at interim and annual reporting periods. The new guidance is effective for fiscal years beginning after December 15, 2026, which is our annual period beginning January 1, 2027, and interim reporting periods beginning after December 15, 2027, which will be our interim period beginning January 1, 2028. Early adoption is permitted. The amendments in ASU 2024-03 should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date, or (2) retrospectively to any or all prior periods presented in the financial statements. We are evaluating the impact of this standard.

In October 2023, the FASB issued ASU 2023-06, “Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative,” which incorporates updates to the Accounting Standards Codification (“Codification”) to align certain Securities and Exchange Commission (“SEC”) disclosure requirements. The amendments impact a variety of topics but are relatively narrow in nature. For entities required to comply with the SEC’s existing disclosure requirements, the effective date for each amendment will be the effective date of the removal of the disclosure requirement from SEC Regulation S-X or SEC Regulation S-K, with early adoption prohibited. The amendments should be applied prospectively. If by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. We are evaluating the impact of this standard.

Note 2. Restructuring Activities

Summary of 2022 Restructuring Plan

In April 2022, management approved and commenced a restructuring plan that is intended to better position us for stronger performance. The restructuring plan will mainly reduce headcount and consolidate facilities. As a result of this restructuring plan, we analyzed the need to write-down inventory and impair long-lived assets, including operating lease right-of-use assets. During the three and nine months ended September 27, 2025, we recorded total charges, net of $0.6 million and $1.6 million, respectively. Cumulative through the nine months ended September 27, 2025, we recorded aggregate total charges of $30.8 million ($2.1 million of which was recorded as cost of sales). As of September 27, 2025, we estimate the remaining amount of charges related to this initiative will be $0.5 million of total pre-tax restructuring charges during 2025 for facility consolidation related expenses.

In the Electronics Systems segment, we recorded less than $0.1 million of other restructuring charges during the three months ended September 27, 2025. We recorded $0.1 million each for severance and benefits that were classified as restructuring charges and other restructuring charges during the nine months ended September 27, 2025. Cumulative through the nine months ended September 27, 2025, we recorded total charges for severance and benefits that were classified as restructuring charges, accelerated depreciation of property and equipment that was classified as restructuring charges, charges for inventory write down that was classified as cost of sales, and other restructuring of $9.6 million, $0.3 million, $0.3 million, and $0.3 million, respectively.

In the Structural Systems segment, we recorded charges of $0.6 million during the three months ended September 27, 2025 for other restructuring charges. We recorded (credits) charges of ($0.2) million and $1.6 million during the nine months ended September 27, 2025 for severance and benefits that were classified as restructuring charges and other restructuring charges, respectively. Cumulative through the nine months ended September 27, 2025, we recorded total charges for severance and benefits that were classified as restructuring charges, accelerated depreciation of property and equipment/impairment of property and equipment that was classified as restructuring charges, charges for inventory write down that was classified as cost of sales, and other restructuring of $7.4 million, $2.0 million, $1.8 million, and $9.0 million, respectively.

Our restructuring activities during the nine months ended September 27, 2025 were as follows (in thousands):

	December 31, 2024	Nine Months Ended September 27, 2025				September 27, 2025
	Balance	Charges	Cash Payments	Non-Cash Payments	Change in Estimates	Balance
Severance and benefits	$ 1,543	$ 127	$ (867)	$ —	$ (212)	$ 591
Other	389	1,701	(1,701)	—	—	389
Ending balance	$ 1,932	$ 1,828	$ (2,568)	$ —	$ (212)	$ 980

The restructuring activities accrual for severance and benefits and other of $1.0 million as of September 27, 2025 was included as part of accrued and other liabilities and is expected to be paid out during 2025.

Note 3. Derivative Financial Instruments

Cash Flow Hedges

Our cash flow hedges consist of forward interest rate swaps to manage our exposure to interest rate movements on a portion of our debt through January 1, 2031. Our forward interest rate swaps hedge forecasted transactions through January 1, 2031.

The notional amounts of derivative instruments are as follows:

	(Dollars in thousands)	
	September 27, 2025	December 31, 2024
Derivative instruments designated as hedging instruments:		
Interest rate contracts	$ 150,000	$ 150,000

The following table summarizes the fair value and presentation on the condensed consolidated balance sheets for derivative instruments:

		(Dollars in thousands)	
	Balance Sheet Location	September 27, 2025	December 31, 2024
Derivative instruments designated as hedging instruments:			
Interest rate contracts	Other assets, current	$ 2,897	$ 3,576
	Other assets	9,202	14,606

Accumulated other comprehensive income activities during the nine months ended September 27, 2025 were as follows (in thousands):

	December 31, 2024	Nine Months Ended September 27, 2025		September 27, 2025
	Balance	Changes in Fair Value Recognized	Reclassifications to Income Statement	Balance
Cash flow hedges, before tax totals	$ 17,831	$ (3,102)	$ (2,905)	$ 11,824

Unrealized (losses) gains associated with our hedging transactions recognized in other comprehensive income are presented in the following table:

	(Dollars in thousands) Three Months Ended		(Dollars in thousands) Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Change in Other Comprehensive Income:				
Interest rate contracts	$ (687)	$ (5,060)	$ (4,619)	$ (2,648)

We began reclassifying gains/losses associated with our cash flow hedges from accumulated other comprehensive income to the condensed statements of income when the Forward Interest Rate Swaps became effective as of January 1, 2024. We reclassify amounts to income as the hedged item impacts earnings and those amounts are presented in the following table:

	(Dollars in thousands) Three Months Ended		(Dollars in thousands) Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Interest rate contracts:				
Interest expense	$ 979	$ 1,350	$ 2,905	$ 4,048

The pre-tax deferred gains recorded in other comprehensive income that will mature in the next 12 months total $2.8 million.

Note 4. Inventories

Inventories consisted of the following:

	(Dollars in thousands)	
	September 27, 2025	December 31, 2024
Raw materials and supplies	$ 162,822	$ 158,865
Work in process	24,594	32,082
Finished goods	5,401	5,934
Total	$ 192,817	$ 196,881

Note 5. Goodwill

We perform our annual goodwill impairment test as of the first day of the fourth quarter. If certain factors occur, including significant underperformance of our business relative to expected operating results, significant adverse economic and industry trends, significant decline in our market capitalization for an extended period of time relative to net book value, a decision to divest individual businesses within a reporting unit, or a decision to group individual businesses differently, we may be required to perform an interim impairment test prior to the fourth quarter.

We may use either a qualitative or quantitative approach when testing a reporting unit’s goodwill for impairment. The qualitative approach for potential impairment analysis is performed by evaluating a number of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit was less than its carrying amount. If the qualitative assessment indicates that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value, we perform a quantitative assessment.

The quantitative approach for potential impairment analysis is performed by comparing the fair value of a reporting unit to its carrying value, including goodwill. Fair value is estimated by management using a combination of the income approach (which is based on a discounted cash flow model) and market approach. Management's cash flow projections include significant judgments and assumptions, including the amount and timing of expected cash flows, long-term growth rates, and discount rates. The cash flows used in the discounted cash flow model are based on our best estimate of future revenues, gross margins, and adjusted after-tax earnings. If any of these assumptions are incorrect, it will impact the estimated fair value of a reporting unit. The market approach also requires management judgment in selecting comparable companies, business acquisitions and the transaction values observed and its related control premiums.

No material adverse factors/changes have occurred since the fourth quarter of 2024 that would require us to perform another qualitative or quantitative assessment as of our quarter ended September 27, 2025. As such, for the third quarter of 2025, it was also not more likely than not that the fair values of the reporting units were less than their carrying amounts and thus, the respective goodwill amounts were not deemed to be impaired.

The carrying amounts of our goodwill were as follows:

	(Dollars in thousands)		
	Electronic Systems	Structural Systems	Consolidated Ducommun
Gross goodwill	$ 199,157	$ 127,165	$ 326,322
Accumulated goodwill impairment	(81,722)	—	(81,722)
Balance at December 31, 2024	$ 117,435	$ 127,165	$ 244,600
Balance at September 27, 2025	$ 117,435	$ 127,165	$ 244,600

Note 6. Accrued and Other Liabilities

The components of accrued and other liabilities were as follows:

	(Dollars in thousands)	
	September 27, 2025	December 31, 2024
Accrued compensation	$ 31,252	$ 35,915
Accrued income tax and sales tax	298	669
Accrued litigation settlement costs	151,350	—
Other	11,327	7,630
Total	$ 194,227	$ 44,214

Note 7. Long-Term Debt

Long-term debt and the current period interest rates were as follows:

	(Dollars in thousands)	
	September 27, 2025	December 31, 2024
Term loan	$ 228,125	$ 234,375
Revolving credit facility	—	8,800
Total debt	228,125	243,175
Less current portion	(12,500)	(12,500)
Total long-term debt, less current portion	215,625	230,675
Less debt issuance costs - term loan	(579)	(845)
Total long-term debt, net of debt issuance costs - term loan	$ 215,046	$ 229,830
Debt issuance costs - revolving credit facility (1)	$ 881	$ 1,258
Weighted-average interest rate	6.11 %	7.25 %

(1) Included as part of other assets.

In July 2022, we completed a refinancing of all our existing debt by entering into a new term loan ("2022 Term Loan") and a new revolving credit facility ("2022 Revolving Credit Facility"). The 2022 Term Loan is a $250.0 million senior secured loan that matures on July 14, 2027. The 2022 Revolving Credit Facility is a $200.0 million senior secured revolving credit facility that matures on July 14, 2027. The 2022 Term Loan and 2022 Revolving Credit Facility, collectively, represent our credit facilities ("2022 Credit Facilities").

The 2022 Term Loan bears interest, at our option, at a rate equal to either (i) Term Secured Overnight Financing Rate ("Term SOFR") plus an applicable margin ranging from 1.375% to 2.375% per year or (ii) Base Rate (defined as the highest of [a] Federal Funds Rate plus 0.50%, [b] Bank of America's prime rate, and [c] Term SOFR plus 1.00%, and if the Base Rate is less than zero percent, it will be deemed zero percent) plus an applicable margin ranging from 0.375% to 1.375% per year, in each case based upon the consolidated total net adjusted leverage ratio. Interest payments are typically paid either on a monthly or quarterly basis, depending on the interest rate selected, on the last business day each month or quarter. In addition, the 2022 Term Loan requires quarterly amortization payments of 0.625% during year one and year two, 1.250% during year three and year four, and 1.875% during year five of the original outstanding principal balance of the 2022 Term Loan amount, on the last business day each quarter. The required quarterly amortization payments began in the fourth quarter of 2022.

The 2022 Revolving Credit Facility bears interest, at our option, at a rate equal to either (i) Term SOFR plus an applicable margin ranging from 1.375% to 2.375% per year or (ii) Base Rate (defined as the highest of [a] Federal Funds Rate plus 0.50%, [b] Bank of America's prime rate, and [c] Term SOFR plus 1.00%, and if the Base Rate is less than zero percent, it will be deemed zero percent) plus an applicable margin ranging from 0.375% to 1.375% per year, in each case based upon the consolidated total net adjusted leverage ratio. Interest payments are typically paid on a monthly or quarterly basis, depending on the interest rate selected, on the last business day each month or quarter. The undrawn portion of the commitment of the 2022 Revolving Credit Facility is subject to a commitment fee ranging from 0.175% to 0.275%, based upon the consolidated total net adjusted leverage ratio, typically paid on a quarterly basis, on the last business day each quarter. However, the 2022 Revolving Credit Facility does not require any principal installment payments.

In conjunction with the closing of the 2022 Credit Facilities, we utilized the entire $250.0 million of proceeds from the 2022 Term Loan plus our existing cash on hand to pay off our entire debt balance outstanding of $254.2 million under our prior credit facilities.

For the three months ended September 27, 2025 and September 28, 2024, we made the required quarterly amortization payments on the 2022 Term Loan of $3.1 million that was due on June 30, 2025 and zero, respectively. For the nine months ended September 27, 2025 and September 28, 2024, we made the required quarterly amortization payments on the 2022 Term Loan of $6.3 million and $3.1 million, respectively. The required quarterly amortization payments due on March 31, 2025, June 30, 2025, and September 30, 2025 were in our fiscal second, third, and fourth quarters of 2025, respectively. The required quarterly amortization payment due on September 30, 2024 was in our fiscal fourth quarter of 2024.

As of September 27, 2025, we had $199.8 million of unused borrowing capacity under the 2022 Revolving Credit Facility, after deducting $0.2 million for standby letters of credit.

As of September 27, 2025, we were in compliance with all covenants required under the 2022 Credit Facilities.

The 2022 Term Loan was considered a modification of debt for some lenders and an extinguishment of debt for other lenders, and thus, a loss of $0.2 million was recorded related to the extinguishment. In addition, the new fees incurred of $0.8 million were capitalized and will be amortized over the life of the 2022 Term Loan. Further, the remaining debt issuance costs related to the prior term loans of $1.0 million as of the modification date will be amortized over the life of the 2022 Term Loan, using the effective interest method.

The 2022 Revolving Credit Facility that replaced the prior revolving credit facility was considered a modification of debt except for the portion related to the creditor that is no longer a part of the 2022 Revolving Credit Facility and, in which case, it was considered an extinguishment of debt. As a result, we expensed the portion of the unamortized debt issuance costs related to the prior revolving credit facility that was considered an extinguishment of debt of $0.1 million. In addition, the new fees incurred of $1.7 million as part of the 2022 Revolving Credit Facility were capitalized and will be amortized over the life of the 2022 Revolving Credit Facility. Further, the remaining debt issuance costs related to the prior revolving credit facility of $0.8 million as of the modification date will also be amortized over the life of the 2022 Revolving Credit Facility.

The 2022 Credit Facilities were entered into by us ("Parent Company") and guaranteed by all of our domestic subsidiaries, other than two subsidiaries that were considered minor ("Subsidiary Guarantors"). The Subsidiary Guarantors jointly and severally guarantee the 2022 Credit Facilities. The Parent Company has no independent assets or operations, and therefore, no consolidating financial information for the Parent Company and its subsidiaries is presented.

In May 2023, we completed a public offering of our common stock resulting in net proceeds of $85.1 million. We utilized the net proceeds plus cash on hand to pay down $85.2 million on the 2022 Revolving Credit Facility that was utilized to complete the acquisition of BLR Aerospace, L.L.C. in April 2023.

In November 2021, we entered into derivative contracts, U.S. dollar-one month LIBOR forward interest rate swaps designated as cash flow hedges, all with an effective date of January 1, 2024, for an aggregate total notional amount of $150.0 million, weighted average fixed rate of 1.8%, and all terminating on January 1, 2031 ("Forward Interest Rate Swaps"). The Forward Interest Rate Swaps mature on a monthly basis, with fixed amount payer payment dates on the first day of each calendar month, commencing on February 1, 2024 through January 1, 2031. The Forward Interest Rate Swaps were deemed to be highly effective upon entering into the derivative contracts, and thus, hedge accounting treatment was utilized. Since the Amended Forward Interest Rate Swaps (as defined below) were not effective until January 1, 2024, we only recorded the changes in fair value of the derivative instruments that were highly effective and that were designated and qualified as cash flow hedges in other comprehensive income through December 31, 2023. See Note 1 and Note 3 for further information.

In July 2022, as a result of completing a refinancing of our existing debt, we were required to complete an amendment of the Forward Interest Rate Swaps ("Amended Forward Interest Rate Swaps"). The Forward Interest Rate Swaps were based on U.S. dollar-one month LIBOR and were amended to be based on one month Term SOFR as borrowings using LIBOR were no longer available under the 2022 Credit Facilities. Since this was an amendment of just the reference rate as a result of the cessation of LIBOR, utilizing the guidance under ASU 2020-04, we determined the Amended Forward Interest Rate Swaps as of the amendment date to continue to be highly effective. The Amended Forward Interest Rate Swaps weighted average fixed rate is 1.7%, as a result of the difference between U.S. dollar-one month LIBOR and one month Term SOFR.

Note 8. Indemnifications

We have made guarantees and indemnities under which we may be required to make payments to a guaranteed or indemnified party, in relation to certain transactions, including revenue transactions in the ordinary course of business. Additionally, we indemnify our directors and officers to the maximum extent permitted under the laws of the State of Delaware and have a directors and officers insurance policy that may reduce our exposure in certain circumstances and may enable us to recover a portion of future amounts that may be payable, if any. Moreover, in connection with certain performance center leases, we have indemnified our lessors for certain claims arising from the performance center or the lease.

The duration of the guarantees and indemnities varies and, in many cases, is indefinite but subject to applicable statutes of limitations. The majority of guarantees and indemnities do not provide any limitations on the maximum potential future payments we could be obligated to make. Historically, payments related to these guarantees and indemnities have been immaterial. We estimate the fair value of our indemnification obligations as insignificant based on this history and insurance coverage and have, therefore, not recorded any liability for these guarantees and indemnities in the accompanying condensed consolidated balance sheets.

Note 9. Income Taxes

The provision for income taxes is determined using an estimated annual effective tax rate. Our effective tax rate may be subject to fluctuations during the year as new information is obtained, which may affect the assumptions used to estimate the annual effective tax rate, including factors such as expected R&D tax credits, non-deductible book compensation expenses, tax deductions for Foreign Derived Intangible Income, valuation allowances against deferred tax assets, recognition or derecognition of tax benefits related to uncertain tax positions, and changes in or the interpretation of tax laws in jurisdictions where we conduct business. Also, excess tax benefits and tax detriments related to our equity compensation recognized in the condensed consolidated income statement could result in fluctuations in our effective tax rate period-over-period depending on the volatility of our stock price, number of restricted or performance stock units that vests, and stock options exercised during the period. We recognize deferred tax assets and liabilities, using enacted tax rates, for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities along with net operating loss and tax credit carryovers.

We record a valuation allowance against our deferred tax assets to reduce the net carrying value to an amount that we believe is more likely than not to be realized. When we establish or reduce our valuation allowances against our deferred tax assets, the provision for income taxes will increase or decrease, respectively, in the period when that determination is made.

We recorded an income tax benefit of $18.5 million for the three months ended September 27, 2025 compared to income tax expense of $1.3 million for the three months ended September 28, 2024. The change to income tax benefit from income tax expense for the third quarter of 2025 compared to the third quarter of 2024 was primarily due to pre-tax loss, driven by litigation settlement and related costs, net of insurance recovery, in the third quarter of 2025 compared to pre-tax income in the third quarter of 2024. We recorded a discrete income tax benefit of $23.0 million related to the litigation settlement and related costs, net of insurance recovery, for the third quarter of 2025.

We recorded an income tax benefit of $12.4 million for the nine months ended September 27, 2025 compared to income tax expense of $5.4 million for the nine months ended September 28, 2024. The change to income tax benefit from income tax expense for the nine months ended September 27, 2025 compared to the nine months ended September 28, 2024 was primarily due to pre-tax loss, driven by litigation settlement and related costs, net of insurance recovery, in the nine months ended September 27, 2025 compared to pre-tax income in the nine months ended September 28, 2024. We recorded a discrete income tax benefit of $23.0 million related to the litigation settlement and related costs, net of insurance recovery, for the nine months ended September 27, 2025.

The pre-tax loss in the three and nine months ended September 27, 2025 resulted in the recognition of a deferred tax asset for the benefit of the net operating loss carryforward to be recognized in future years. Based on our expectation of future taxable income, we expect to realize the deferred tax asset and did not record a valuation allowance against it.

Our total amount of unrecognized tax benefits was $5.0 million and $4.5 million as of September 27, 2025 and December 31, 2024, respectively. If recognized, $3.1 million would affect the effective tax rate. We record interest and penalty charges, if any, related to uncertain tax positions as a component of tax expense and unrecognized tax benefits. The amounts accrued for interest and penalty charges as of September 27, 2025 and December 31, 2024 were not significant. As a result of statute of limitations set to expire in the fourth quarter of 2025, we expect decreases to our unrecognized tax benefits of approximately $0.5 million in the next twelve months.

We file U.S. Federal and state income tax returns. We are subject to examination by the Internal Revenue Service (“IRS”) for tax years after 2020 and by state taxing authorities for tax years after 2019. While we are no longer subject to examination prior to those periods, carryforwards generated prior to those periods may still be adjusted upon examination by the IRS or state taxing authorities if they either have been or will be used in a subsequent period. We believe we have adequately accrued for tax deficiencies or reductions in tax benefits, if any, that could result from the examination and all open audit years.

One July 4, 2025, the U.S. enacted the One Big Beautiful Bill Act (“OBBBA”). Amongst other things, the OBBBA provides for several corporate tax provision changes including restoring the full expensing of qualified property placed in service after January 19, 2025, reinstating the immediate expensing of U.S. research and development expenditures paid or incurred for tax years beginning after December 31, 2024, and changes in the computations of U.S. taxation on international earnings for tax years beginning after December 31, 2025. We completed the initial assessment of the OBBBA corporate tax provisions as they relate to our financial statements in the third quarter of 2025. The enactment of the OBBBA did not have a material impact to our effective tax rate for the three and nine months ended September 27, 2025. However, we expect the OBBBA to decrease our cash tax liability for 2025.

Note 10. Commitments and Contingencies

Guaymas Performance Center Fire

Impact to Performance Center. In June 2020, a fire severely damaged our performance center in Guaymas, Mexico, which is part of our Structural Systems segment. There were no injuries, however, property and equipment, inventories, and tooling in this leased facility were damaged. Our Guaymas performance center, comprised of two buildings with an aggregate total of 62,000 square feet, was severely damaged. The insurance claim for damages to our operating assets and business interruption was deemed final and closed by our insurance company during the three months ended July 1, 2023. The loss of production from the Guaymas performance center was absorbed by our other existing performance centers; however, we have reestablished our operations and are in the process of certification with various customers and ramping up our manufacturing capabilities in a different leased facility with 117,000 square feet in Guaymas.

Guaymas Fire Litigation. A neighboring, non-related manufacturing facility also suffered fire damage during the same time as the fire that severely damaged our Guaymas performance center, and in November 2023, the occupant of the neighboring facility filed suit against us in U.S. District Court for the Central District of California (the “District Court”) seeking unspecified amounts for damages relating to the fire (“Guaymas Fire Litigation”). Subsequent to our quarter ended September 27, 2025, on October 3, 2025, we entered into a binding settlement term sheet (the “Term Sheet”) to resolve the Guaymas Fire Litigation against us. The Term Sheet provides for, among other things, the final dismissal of the Guaymas Fire Litigation against us with prejudice and a release of claims against us in exchange for us issuing a payment of $150.0 million, $56.0 million of which is expected to be funded by our insurance carriers. The Term Sheet also includes a mutual release of all the plaintiff’s past, present, and future claims arising from the fire and an indemnification in favor of us from any future subrogation claims that may be brought by the plaintiff’s insurers. Thereafter, on October 17, 2025, we entered into a settlement agreement that memorialized the terms set forth in, and superseded the Term Sheet.

We recorded the litigation settlement costs of $150.0 million, which is included as part of the operating loss, and the related accrual which is included as part of accrued and other liabilities during the three months ended September 27, 2025 as such conditions existed as of the end of our fiscal third quarter. In addition, we recorded an insurance receivable of $56.0 million related to the Guaymas Fire Litigation and included as other current assets and on the same line as the litigation settlement costs as the determination that the insurance recovery receivable was probable of collection was based on the terms of the applicable insurance policies, settlement agreement, and communications with our insurance carriers.

Subrogation Claims. Subsequent to our quarter ended September 27, 2025, on October 9, 2025, we also settled an ancillary subrogation claim for $1.4 million. We recorded the litigation settlement costs of $1.4 million, which is included as part of the operating loss, and the related accrual which is included as part of accrued and other liabilities during the three months ended September 27, 2025 as such conditions existed as of the end of our fiscal third quarter. Thereafter, on October 24, 2025, we entered into a settlement agreement that memorialized the terms agreed to on October 9, 2025. Further, in connection with the

Guaymas Fire Litigation, in July 2024, we received a subrogation demand from our landlord's insurer. This claim is going through an arbitration proceeding currently in Arizona for which we believe we have favorable arguments to successfully defend against the claim. It is possible that we may face additional subrogation claims associated with the Guaymas Fire Litigation in the future.

Our insurance covers damage, up to a capped amount, to the facility, equipment, unfinished inventory, and other assets at replacement cost, finished goods inventory at selling price, as well as business interruption, third party property damage, and recovery related expenses caused by the fire, less our per claim deductible. The anticipated insurance recoveries related to losses and incremental costs incurred are recognized when receipt is probable. The anticipated insurance recoveries in excess of net book value of the damaged operating assets and business interruption are not recorded until all contingencies related to our claim have been resolved.

California's Wage and Hour Laws Complaint

In December 2020, a representative action under California's Private Attorneys General Act was filed against us in the Superior Court for the State of California, County of San Bernardino. We received service of process of this complaint in January 2021. The complaint alleged violations of California's wage and hour laws relating to our current and former employees and sought attorney's fees and penalties. We vigorously refuted and defended these claims and reached a tentative settlement of $0.8 million during the fourth quarter 2021, which was subject to court approval. Thus, we recorded accrued liabilities of $0.8 million as of December 31, 2021. During the second quarter of 2022, additional factual information was identified resulting in an increase in the amount of the tentative settlement to $0.9 million. Therefore, we recorded an additional accrued liabilities of $0.1 million for a total accrued liabilities amount of $0.9 million as of the end of the second quarter of 2022, which amount remained unchanged as of December 31, 2022 as we were awaiting final court approval of this settlement. Subsequent to final court approval and payment of the $0.9 million in January 2023, during the third quarter of 2023 and upon plaintiff's motion, the court re-opened the settlement agreement to determine whether the class list captured all affected employees. While we appealed that determination, the appellate court upheld the trial court's decision, and the case was returned to the trial court for the parties to re-examine the class list. Subsequent to our quarter ended June 28, 2025, and as a result of the re-examination of the class list, additional affected employees were identified and a tentative settlement was reached that will result in an additional net payment of $0.3 million, subject to court approval and which is estimated to be payable in late 2025 or early 2026. Thus, we recorded accrued liabilities of $0.3 million during the second quarter of 2025.

Groundwater

Structural Systems has been directed by California environmental agencies to investigate and take corrective action for groundwater contamination at our facilities located in El Mirage and Monrovia, California. Based on currently available information, we have established an accrual for the estimated liability for such investigation and corrective action of $1.5 million at both September 27, 2025 and December 31, 2024, which is reflected in other long-term liabilities on our condensed consolidated balance sheets.

Waste Disposal

Structural Systems also faces liability as a potentially responsible party for hazardous waste disposed at landfills located in Casmalia and West Covina, California. Structural Systems and other companies and government entities have entered into consent decrees with respect to these landfills with the United States Environmental Protection Agency and/or California environmental agencies under which certain investigation, remediation and maintenance activities are being performed. Based on currently available information, we preliminarily estimate that the range of our future liabilities in connection with the landfill located in West Covina, California is between $0.4 million and $3.1 million. We have established an accrual for the estimated liability in connection with the West Covina landfill, which had a balance of $0.4 million as of both September 27, 2025 and December 31, 2024, which is reflected in other long-term liabilities on our condensed consolidated balance sheets. We anticipate an updated estimate will be available over the next 12 to 24 months however, and will update our accrual for the estimated liability at that time, if needed. Our ultimate liability in connection with these matters will depend upon a number of factors, including changes in existing laws and regulations, the design and cost of construction, operation and maintenance activities related to a final remedy, and the allocation of liability among potentially responsible parties.

In the normal course of business, Ducommun and its subsidiaries are defendants in certain other litigation, claims and inquiries, including matters relating to environmental laws. In addition, Ducommun makes various commitments and incurs contingent liabilities in the ordinary course of business. While it is not feasible to predict the outcome of these matters, Ducommun does not presently expect that any sum it may be required to pay in connection with these matters would have a material adverse effect on its condensed consolidated financial position, results of operations or cash flows.

Note 11. Business Segment Information

We supply products and services primarily to the aerospace and defense industries. Our subsidiaries are organized into two strategic businesses, Electronic Systems and Structural Systems, each of which is an operating segment as well as a reportable segment. Electronic Systems designs, engineers and manufactures high-reliability electronic and electromechanical products used in worldwide technology-driven markets including A&D and Industrial end-use markets. Structural Systems designs, engineers and manufactures large, complex contoured aerostructure components and assemblies and supplies composite and metal bonded structures and assemblies.

Our chief operating decision maker ("CODM") is the Chairman, President and Chief Executive Officer. The measure used by the CODM to assess segment performance is segment operating income. Monitoring of segment operating income budgeted versus actual results is used for assessing performance of the segment and in establishing management's compensation.

Financial information by reportable segment was as follows:

	(Dollars in thousands) Three Months Ended						(Dollars in thousands) Nine Months Ended					
	September 27, 2025			September 28, 2024			September 27, 2025			September 28, 2024		
	Electronic Systems	Structural Systems	Total	Electronic Systems	Structural Systems (1)	Total	Electronic Systems	Structural Systems	Total	Electronic Systems	Structural Systems (1)	Total
Consolidated Net Revenues	$123,082	$89,476	$212,558	$115,412	$86,000	$201,412	$343,056	$265,876	$608,932	$324,391	$264,868	$589,259
Less: Significant Expenses												
Cost of sales	90,477	65,606		84,468	64,268		248,972	198,150		235,827	201,719	
Selling, general and administrative expenses	11,436	11,431		11,943	11,610		33,630	34,507		33,317	36,590	
Restructuring charges	71	512		91	1,833		242	1,375		562	4,843	
Segment Operating Income	$ 21,098	$ 11,927	33,025	$ 18,910	$ 8,289	27,199	$ 60,212	$ 31,844	92,056	$ 54,685	$ 21,716	76,401
Reconciliation of Profit or Loss (Segment Operating Income)												
Unallocated Amounts:												
Corporate general and administrative expenses (2)			(113,075)			(11,933)			(138,358)			(34,589)
Operating (Loss) Income			(80,050)			15,266			(46,302)			41,812
Interest Expense			(2,927)			(3,829)			(9,198)			(11,687)
Other Income			—			—			1,746			—
(Loss) Income Before Taxes			$ (82,977)			$ 11,437			$ (53,754)			$ 30,125

(1) Structural Systems restructuring charges for the three and nine months ended September 28, 2024 included zero and $0.9 million, respectively, recorded as cost of sales.

(2) Includes costs not allocated to either the Electronic Systems or Structural Systems operating segments.

Additional financial information by reportable segment was as follows:

	(Dollars in thousands) Three Months Ended		(Dollars in thousands) Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Depreciation and Amortization Expenses				
Electronic Systems	$ 3,553	$ 3,575	$ 10,694	$ 10,869
Structural Systems	4,670	4,849	14,182	14,058
Corporate Administration	115	107	319	202
Total Depreciation and Amortization Expenses	$ 8,338	$ 8,531	$ 25,195	$ 25,129
Capital Expenditures				
Electronic Systems	$ 1,216	$ 1,011	$ 4,264	$ 2,950
Structural Systems	1,029	1,295	6,272	4,172
Corporate Administration	109	—	122	3,024
Total Capital Expenditures	$ 2,354	$ 2,306	$ 10,658	$ 10,146

Segment assets include assets directly identifiable with each segment. Corporate assets include assets not specifically identified with a business segment, including cash. The following table summarizes our segment assets:

	(Dollars in thousands)	
	September 27, 2025	December 31, 2024
Total Assets		
Electronic Systems	$ 551,863	$ 507,428
Structural Systems	547,176	551,213
Corporate Administration	149,531	67,460
Total Assets	$ 1,248,570	$ 1,126,101
Goodwill and Intangibles		
Electronic Systems	$ 156,960	$ 163,926
Structural Systems	224,667	230,265
Total Goodwill and Intangibles	$ 381,627	$ 394,191

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Ducommun Incorporated ("Ducommun," "the Company," "we," "us" or "our") is a leading global provider of engineering and manufacturing services for high-performance products and high-cost-of failure applications used primarily in the aerospace and defense ("A&D"), industrial, medical and other industries (collectively, "Industrial"). We differentiate ourselves as a full-service solution-based provider, offering a wide range of value-added products and services in our primary businesses of electronics, structures and integrated solutions. We operate through two primary business segments: Electronic Systems and Structural Systems, each of which is a reportable segment.

Economic Environment

Changes in the macroeconomic environment, including volatility with respect to global trade policy, interest rates, and financial markets, can lead to economic uncertainty, an economic downturn or recession and impact the demand for our products and services as well as our supply chain. We continue to pursue strategic and operational initiatives to help address these macroeconomic pressures.

The Boeing Company

The Boeing Company ("Boeing") is one of our largest customers and was notified by the Federal Aviation Administration ("FAA") in early January 2024 that the FAA had initiated an investigation into Boeing's quality control system. This notification was followed by the FAA announcing actions to increase its oversight of Boeing as well as not approving production rate increases or additional production lines for the 737 MAX until it is satisfied that Boeing is in full compliance with required quality control procedures. In addition, in July 2024, Boeing also pleaded guilty to conspiracy fraud charges, which may result in additional external oversight on its manufacturing and quality control process. As discussed further below under "U.S. Government Tariffs," during the second quarter of 2025, the United States adjusted various tariff rates, including on aluminum and steel imports, and announced broad reciprocal tariffs on imports from all countries. The United States has asserted that reciprocal tariff rates for many trade partners could increase from the 10% baseline tariff on August 1, 2025, unless agreements are reached. In Boeing's Q2 2025 Quarterly Report on Form 10-Q, it stated that collectively, these tariffs and any retaliatory actions taken by countries in response to the United States tariffs could have a material impact on Boeing's financial position, results of operations and/or cash flows. Recently, Boeing announced the FAA has cleared Boeing's plan to raise 737 MAX production from 38 airplanes to 42 airplanes per month. Since Boeing is one of our largest customers, if Boeing is unable to meet the full compliance of the Federal Aviation Administration's required quality control procedures, along with the tariffs (already imposed or will be imposed), it could have a material adverse impact on our business, results of operations and financial condition.

U.S. Government Tariffs

Since February 2025, the U.S. government has issued several executive orders imposing tariffs on imports from most countries with whom the U.S. engages in trade ("Tariff EOs"). In response to the Tariff EOs, China, the European Union and Canada have announced, and in some cases imposed, counter tariffs on goods that are imported from the U.S. Our business imports various goods that may be subject to tariffs from certain countries covered by the Tariff EOs and we also supply goods to customers who may import those goods into a country which may consider counter tariffs and other actions. If the imposition of current tariff levels is sustained, our profitability, cash flows and the estimates inherent in our financial statements could be negatively affected to the extent we are either unable to claim duty exemptions or are unable to pass on such incremental tariffs to our customers. The actual financial impacts of tariffs are dependent upon various factors, most notably, the scope of goods covered by tariffs, the value of our imports subject to tariffs, the rate of tariffs applied, the timing and duration of tariffs, the implementation of tariff and non-tariff countermeasures by countries subject to U.S. tariffs, and our ability to mitigate the impacts of tariffs by availing ourselves of applicable exemptions. Changes in any of these factors and actual tariff costs incurred could significantly affect the estimates inherent in our financial statements, including those used in our estimates-at-completion ("EACs"), and estimates supporting the recoverability of our inventories, contract assets, intangible assets, and goodwill, and could have a material effect on our results of operations and cash flows in the periods recognized and paid.

U.S. Government Budget

On October 1, 2025, Congress failed to reach an agreement on funding the federal government, resulting in a shutdown until an agreement is reached. This has resulted in the disruption of non-essential government services, with over hundreds of thousands of federal employees being furloughed or working without pay. While the impact of the shutdown on Ducommun will ultimately depend on the duration of the shutdown and outcome of the finalized agreement, Ducommun currently does not expect that the shutdown will materially impact our business or results of operations. However, should the shutdown continue for an extended period of time, it could materially impact our business or results of operations.

U.S. Taxation Legislation

On July 4, 2025, the U.S. enacted the One Big Beautiful Bill Act ("OBBBA"), which, among other things, provides a corporate tax provision change in reinstating the immediate expensing of U.S. research and development expenditures paid or incurred for tax years beginning after December 31, 2024. See Note 1 and Note 9 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further information.

The OBBBA also provides a supplementary $156 billion to the DoD for obligations through 2029. Congress has also begun deliberations on the U.S. President's budget request for fiscal year 2026.

Executive Order Regarding Modernizing Defense Acquisitions

On April 9, 2025, the U.S. government issued an executive order requiring, among other things, a DoD review of its Major Defense Acquisition Programs to identify those programs that are 15% behind schedule, 15% over budget, unable to meet key performance parameters, or unaligned with the Secretary of Defense's mission priorities for potential cancellation. Although Ducommun does not, at this time, believe the Executive Order will have a material impact on our business or results of operations, the longer-term ramifications, if any, to Ducommun will depend on a variety of factors including the formulation and implementation of the review criteria in the order, the review timeline, the Secretary of Defense's mission priorities, and future budget determinations based on the results of such review.

Guaymas Fire - Developments

On October 3, 2025, we entered in a binding settlement term sheet (the "Term Sheet") to resolve the Guaymas fire litigation against us (the "Guaymas Fire Litigation"), and subsequently, on October 17, 2025, we entered into a settlement agreement that memorialized the terms set forth in, and superseded the Term Sheet.

On October 9, 2025, we also settled an ancillary subrogation claim for $1.4 million. See Note 1 and Note 10 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further information.

Third quarter 2025 recap:

- Net revenues of $212.6 million
- Net loss of $64.4 million, or 30.3% of net revenues, or $4.30 per share
- Adjusted EBITDA of $34.4 million, or 16.2% of net revenues

Results of Operations

Third Quarter of 2025 Compared to Third Quarter of 2024

The following table sets forth net revenues, selected financial data, the effective tax rate and diluted earnings per share:

	(Dollars in thousands, except per share data) Three Months Ended				(Dollars in thousands, except per share data) Nine Months Ended			
	September 27, 2025	% of Net Revenues	September 28, 2024	% of Net Revenues	September 27, 2025	% of Net Revenues	September 28, 2024	% of Net Revenues
Net Revenues	$ 212,558	100.0 %	$ 201,412	100.0 %	$ 608,932	100.0 %	$ 589,259	100.0 %
Cost of Sales	156,083	73.4 %	148,736	73.8 %	447,122	73.4 %	438,401	74.4 %
Gross Profit	56,475	26.6 %	52,676	26.2 %	161,810	26.6 %	150,858	25.6 %
Selling, General and Administrative Expenses	36,267	17.1 %	35,486	17.6 %	106,820	17.5 %	104,498	17.7 %
Restructuring Charges	583	0.3 %	1,924	1.0 %	1,617	0.3 %	4,548	0.8 %
Litigation Settlement and Related Costs, Net	99,675	46.9 %	—	— %	99,675	16.4 %	—	— %
Operating (Loss) Income	(80,050)	(37.7)%	15,266	7.6 %	(46,302)	(7.6)%	41,812	7.1 %
Interest Expense	(2,927)	(1.3)%	(3,829)	(1.9)%	(9,198)	(1.5)%	(11,687)	(2.0)%
Other Income	—	— %	—	— %	1,746	0.3 %	—	— %
(Loss) Income Before Taxes	(82,977)	(39.0)%	11,437	5.7 %	(53,754)	(8.8)%	30,125	5.1 %
Income Tax (Benefit) Expense	(18,531)	nm	1,289	nm	(12,372)	nm	5,404	nm
Net (Loss) Income	$ (64,446)	(30.3)%	$ 10,148	5.0 %	$ (41,382)	(6.8)%	$ 24,721	4.2 %
Effective Tax (Benefit) Rate	(22.3)%	nm	11.3 %	nm	(23.0)%	nm	17.9 %	nm
Diluted (Loss) Earnings Per Share	$ (4.30)	nm	$ 0.67	nm	$ (2.77)	nm	$ 1.65	nm

nm = not meaningful

Net Revenues by End-Use Market and Operating Segment

Net revenues by end-use market and operating segment during the fiscal three and nine months ended September 27, 2025 and September 28, 2024, respectively, were as follows:

	Three Months Ended					Nine Months Ended				
		(Dollars in thousands)		% of Net Revenues			(Dollars in thousands)		% of Net Revenues	
	Change	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024	Change	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Consolidated Ducommun										
Military and space	$ 14,167	$ 125,569	$ 111,402	59.1 %	55.3 %	$ 45,272	$ 356,141	$ 310,869	58.5 %	52.8 %
Commercial aerospace	(8,087)	76,539	84,626	36.0 %	42.0 %	(25,272)	225,914	251,186	37.1 %	42.6 %
Industrial	5,066	10,450	5,384	4.9 %	2.7 %	(327)	26,877	27,204	4.4 %	4.6 %
Total	$ 11,146	$ 212,558	$ 201,412	100.0 %	100.0 %	$ 19,673	$ 608,932	$ 589,259	100.0 %	100.0 %
Electronic Systems										
Military and space	$ 8,206	$ 93,639	$ 85,433	76.1 %	74.0 %	$ 34,276	$ 262,201	$ 227,925	76.5 %	70.3 %
Commercial aerospace	(5,602)	18,993	24,595	15.4 %	21.3 %	(15,284)	53,978	69,262	15.7 %	21.3 %
Industrial	5,066	10,450	5,384	8.5 %	4.7 %	(327)	26,877	27,204	7.8 %	8.4 %
Total	$ 7,670	$ 123,082	$ 115,412	100.0 %	100.0 %	$ 18,665	$ 343,056	$ 324,391	100.0 %	100.0 %
Structural Systems										
Military and space	$ 5,961	$ 31,930	$ 25,969	35.7 %	30.2 %	$ 10,996	$ 93,940	$ 82,944	35.3 %	31.3 %
Commercial aerospace	(2,485)	57,546	60,031	64.3 %	69.8 %	(9,988)	171,936	181,924	64.7 %	68.7 %
Total	$ 3,476	$ 89,476	$ 86,000	100.0 %	100.0 %	$ 1,008	$ 265,876	$ 264,868	100.0 %	100.0 %

Net revenues for the three months ended September 27, 2025 were $212.6 million, compared to $201.4 million for the three months ended September 28, 2024. The year-over-year increase in our key end-use markets were primarily due to the following:

- $14.2 million higher revenues in our military and space end-use markets due to higher rates on selected missiles, fixed-wing aircraft, rotary-wing aircraft, and ground vehicle weapon platforms; partially offset by
- $8.1 million lower revenues in our commercial aerospace end-use markets due to lower rates on business jet aircraft and large aircraft platforms.

In addition, revenues for our industrial end-use markets for the three months ended September 27, 2025 increased $5.1 million compared to the three months ended September 28, 2024, mainly due to restocking and last time buys.

Net revenues for the nine months ended September 27, 2025 were $608.9 million, compared to $589.3 million for the nine months ended September 28, 2024. The year-over-year increase in our key end-use markets were primarily due to the following:

- $45.3 million higher revenues in our military and space end-use markets due to higher rates on selected missile, rotary-wing aircraft, a classified program, radar, and ground vehicle weapon platforms; partially offset by
- $25.3 million lower revenues in our commercial aerospace end-use markets due to lower revenues from Boeing 737 MAX and in-flight entertainment products, and lower rates on rotary-wing aircraft platforms.

In addition, revenues for our industrial end-use markets for the nine months ended September 27, 2025 decreased $0.3 million compared to the nine months ended September 28, 2024, mainly due to our selective pruning of non-core business.

Net Revenues by Major Customers

A significant portion of our net revenues are from our top ten customers as follows:

	Three Months Ended		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Boeing Company	8.8 %	5.1 %	7.9 %	8.0 %
Lockheed Martin Corporation	3.6 %	5.1 %	4.7 %	5.2 %
Northrop Grumman Corporation	6.0 %	8.8 %	5.8 %	6.3 %
RTX Corporation	21.4 %	20.6 %	19.9 %	17.3 %
Spirit AeroSystems Holdings, Inc.	4.6 %	5.7 %	5.9 %	6.1 %
Total top ten customers (1)	61.6 %	64.0 %	61.0 %	58.9 %

(1) Includes The Boeing Company ("Boeing"), Lockheed Martin Corporation ("Lockheed"), Northrop Grumman Corporation ("Northrop"), RTX Corporation ("RTX"), and Spirit AeroSystems Holdings, Inc. ("Spirit") for the three and nine months ended September 27, 2025 and September 28, 2024.

Boeing, Lockheed, Northrop, RTX, and Spirit represented the following percentages of total accounts receivable:

	September 27, 2025	December 31, 2024
Boeing	7.2 %	8.0 %
Lockheed	2.7 %	1.9 %
Northrop	7.3 %	2.7 %
RTX	11.8 %	15.6 %
Spirit	7.0 %	4.4 %

The net revenues and accounts receivable from Boeing, Lockheed, Northrop, RTX, and Spirit were diversified over a number of commercial, military and space programs and were generated by both operating segments.

Gross Profit

Gross profit consists of net revenues less cost of sales. Cost of sales includes the cost of production of finished products and other expenses related to inventory management, manufacturing quality, and order fulfillment. Gross profit as a percentage of net revenues increased year-over-year with the three months ended September 27, 2025 of 26.6%, compared to the three months ended September 28, 2024 of 26.2% primarily due to lower other manufacturing costs and lower restructuring charges as a result of nearing the completion of the wind down of our Monrovia performance center, partially offset by unfavorable product mix.

Gross profit as a percentage of net revenues increased year-over-year with the nine months ended September 27, 2025 of 26.6%, compared to the nine months ended September 28, 2024 of 25.6% primarily due to lower other manufacturing costs, lower restructuring charges as a result of nearing the completion of the wind down of our Monrovia performance center, and favorable product mix.

Selling, General and Administrative ("SG&A") Expenses

SG&A expenses increased $0.8 million year-over-year in the three months ended September 27, 2025 compared to the three months ended September 28, 2024, primarily due to higher compensation and benefit costs of $1.0 million and higher other SG&A expenses of $0.9 million, partially offset by lower professional services fees of $1.1 million.

SG&A expenses increased $2.3 million year-over-year in the nine months ended September 27, 2025 compared to the nine months ended September 28, 2024, primarily due to higher compensation and benefits expense of $3.0 million and other SG&A expenses of $0.7 million, partially offset by lower professional services fees of $1.4 million.

Restructuring Charges

Restructuring charges decreased $1.3 million and $3.8 million (including $0.9 million recorded as cost of sales during the nine months ended September 28, 2024) year-over-year in the three and nine months ended September 27, 2025, compared to the three and nine months ended September 28, 2024, respectively, primarily due to the winding down of the previously disclosed restructuring plan that was approved and commenced in April 2022. See Note 2 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further information.

Litigation Settlement and Related Costs, Net

Litigation settlement and related costs, net, increased $99.7 million year-over-year in each of the three and nine months ended September 27, 2025, compared to each of the three and nine months ended September 28, 2024, due to the binding settlement agreement to resolve the Guaymas Fire Litigation against us as well as settling an ancillary subrogation claim which occurred subsequent to our quarter ended September 27, 2025. See Note 1 and Note 10 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further information.

Interest Expense

Interest expense decreased $0.9 million and $2.5 million year-over-year in the three and nine months ended September 27, 2025, compared to the three and nine months ended September 28, 2024, respectively, primarily due to lower interest rates along with a lower debt balance.

Income Tax (Benefit) Expense

We recorded an income tax benefit of $18.5 million for the three months ended September 27, 2025 compared to income tax expense of $1.3 million for the three months ended September 28, 2024. The change to income tax benefit from income tax expense for the third quarter of 2025 compared to the third quarter of 2024 was primarily due to pre-tax loss, driven by litigation settlement and related costs, net of insurance recovery, in the third quarter of 2025 compared to pre-tax income in the third quarter of 2024. We recorded a discrete income tax benefit of $23.0 million related to litigation settlement and related costs, net of insurance recovery, for the third quarter of 2025.

We recorded an income tax benefit of $12.4 million for the nine months ended September 27, 2025 compared to income tax expense of $5.4 million for the nine months ended September 28, 2024. The change to income tax benefit from income tax expense for the nine months ended September 27, 2025 compared to the nine months ended September 28, 2024 was primarily due to pre-tax loss, driven by litigation settlement and related costs, net of insurance recovery, in the nine months ended September 27, 2025 compared to pre-tax income in the nine months ended September 28, 2024. We recorded a discrete income tax benefit of $23.0 million related to litigation settlement and related costs, net of insurance recovery, for the nine months ended September 27, 2025.

The pre-tax loss in the three and nine months ended September 27, 2025 resulted in the recognition of a deferred tax asset for the benefit of the net operating loss carryforward to be recognized in future years. Based on our expectation of future taxable income, we expect to realize the deferred tax asset and did not record a valuation allowance against it.

Our total amount of unrecognized tax benefits was $5.0 million and $4.5 million as of September 27, 2025 and December 31, 2024, respectively. If recognized, $3.1 million would affect the effective tax rate. We record interest and penalty charges, if any, related to uncertain tax positions as a component of tax expense and unrecognized tax benefits. The amounts accrued for interest and penalty charges as of September 27, 2025 and December 31, 2024 were not significant. As a result of statute of limitations set to expire in the fourth quarter of 2025, we expect decreases to our unrecognized tax benefits of approximately $0.5 million in the next twelve months.

We file U.S. Federal and state income tax returns. We are subject to examination by the Internal Revenue Service (“IRS”) for tax years after 2020 and by state taxing authorities for tax years after 2019. While we are no longer subject to examination prior to those periods, carryforwards generated prior to those periods may still be adjusted upon examination by the IRS or state taxing authorities if they either have been or will be used in a subsequent period. We believe we have adequately accrued for tax deficiencies or reductions in tax benefits, if any, that could result from the examination and all open audit years.

On July 4, 2025, the U.S. enacted the OBBBA. Amongst other things, the OBBBA provides for several corporate tax provision changes including restoring the full expensing of qualified property placed in service after January 19, 2025, reinstating the immediate expensing of U.S. research and development expenditures paid or incurred for tax years beginning after December 31, 2024, and changes in the computations of U.S. taxation on international earnings for tax years beginning after December 31, 2025. We completed the initial assessment of the OBBBA corporate tax provisions as they relate to our financial statements in the third quarter of 2025. The enactment of the OBBBA did not have a material impact to our effective tax rate for the three and nine months ended September 27, 2025. However, we expect the OBBBA to decrease our cash tax liability for 2025.

Net (Loss) Income and (Loss) Earnings per Share

Net (loss) income, net (loss) income as a percentage of revenues, and (loss) earnings per share for the three months ended September 27, 2025 were a net loss of $(64.4) million, or (30.3)% of revenues, or $(4.30) per share, respectively, compared to net income of $10.1 million, or 5.0% of revenues, or $0.67 per diluted share, respectively, for the three months ended September 28, 2024. The decrease in net income for the three months ended September 27, 2025 compared to the three months ended September 28, 2024 was primarily due to higher litigation settlement and related costs, net, of $99.7 million discussed above, partially offset by lower income tax expense of $19.8 million discussed above and higher gross profit of $3.8 million.

Net (loss) income, net (loss) income as a percentage of revenues, and (loss) earnings per share for the nine months ended September 27, 2025 were a net loss of $(41.4) million, or (6.8)% of revenues, or $(2.77) per share, respectively, compared to net income of $24.7 million, or 4.2% of revenues, or $1.65 per diluted share, respectively, for the nine months ended September 28, 2024. The decrease in net income for the nine months ended September 27, 2025 compared to the nine months ended September 28, 2024 was primarily due to higher litigation settlement and related costs, net, of $99.7 million, partially offset by lower income tax expense of $17.8 million, higher gross profit of $11.0 million, and lower restructuring charges of $3.8 million (the prior year period included $0.9 million recorded as cost of sales).

Business Segment Performance

We report our financial performance based upon our two reportable operating segments: Electronic Systems and Structural Systems. The results of operations differ between our reportable operating segments due to differences in competitors, customers, extent of proprietary deliverables and performance. The following table summarizes our business segment performance for the three and nine months ended September 27, 2025 and September 28, 2024:

	Three Months Ended					Nine Months Ended				
	%	(Dollars in thousands)		% of Net Revenues		%	(Dollars in thousands)		% of Net Revenues	
	Change	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024	Change	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net Revenues										
Electronic Systems	6.6 %	$ 123,082	$ 115,412	57.9 %	57.3 %	5.8 %	$ 343,056	$ 324,391	56.3 %	55.1 %
Structural Systems	4.0 %	89,476	86,000	42.1 %	42.7 %	0.4 %	265,876	264,868	43.7 %	44.9 %
Total Net Revenues	5.5 %	$ 212,558	$ 201,412	100.0 %	100.0 %	3.3 %	$ 608,932	$ 589,259	100.0 %	100.0 %
Segment Operating Income										
Electronic Systems		$ 21,098	$ 18,910	17.1 %	16.4 %		$ 60,212	$ 54,685	17.6 %	16.9 %
Structural Systems		11,927	8,289	13.3 %	9.6 %		31,844	21,716	12.0 %	8.2 %
		33,025	27,199				92,056	76,401		
Corporate General and Administrative Expenses (1)		(113,075)	(11,933)	(53.2)%	(5.9)%		(138,358)	(34,589)	(22.7)%	(5.9)%
Total Operating (Loss) Income		$ (80,050)	$ 15,266	(37.7)%	7.6 %		$ (46,302)	$ 41,812	(7.6)%	7.1 %
Adjusted EBITDA										
Electronic Systems										
Operating Income		$ 21,098	$ 18,910				$ 60,212	$ 54,685		
Depreciation and Amortization		3,553	3,575				10,694	10,869		
Stock-Based Compensation Expense (2)		71	70				294	241		
Restructuring Charges		71	91				242	562		
		24,793	22,646	20.1 %	19.6 %		71,442	66,357	20.8 %	20.5 %
Structural Systems										
Operating Income		11,927	8,289				31,844	21,716		
Depreciation and Amortization		4,670	4,849				14,182	14,058		
Stock-Based Compensation Expense (3)		60	105				381	261		
Restructuring Charges		512	1,833				1,375	4,843		
Inventory Purchase Accounting Adjustments		—	663				—	1,745		
		17,169	15,739	19.2 %	18.3 %		47,782	42,623	18.0 %	16.1 %
Corporate General and Administrative Expenses (1)										
Operating Loss		(113,075)	(11,933)				(138,358)	(34,589)		
Depreciation and Amortization		115	107				319	202		
Stock-Based Compensation Expense (4)		5,677	4,292				16,836	12,251		
Professional Fees Related to Unsolicited Non-Binding Acquisition Offer		—	1,033				—	2,407		
Litigation Settlement and Related Costs, Net		99,675	—				99,675	—		
		(7,608)	(6,501)				(21,528)	(19,729)		
Adjusted EBITDA		$ 34,354	$ 31,884	16.2 %	15.8 %		$ 97,696	$ 89,251	16.0 %	15.1 %
Capital Expenditures										
Electronic Systems		$ 1,216	$ 1,011				$ 4,264	$ 2,950		
Structural Systems		1,029	1,295				6,272	4,172		
Corporate Administration		109	—				122	3,024		
Total Capital Expenditures		$ 2,354	$ 2,306				$ 10,658	$ 10,146		

(1) Includes costs not allocated to either the Electronic Systems or Structural Systems operating segments.

(2) The three and nine months ended September 27, 2025 each included $0.1 million of stock-based compensation expense recorded as cost of sales. The three and nine months ended September 28, 2024 each included $0.1 million of stock-based compensation expense recorded as cost of sales.

(3) The three and nine months ended September 27, 2025 included $0.1 million and $0.2 million, respectively, of stock-based compensation expense recorded as cost of sales. The three and nine months ended September 28, 2024 included $0.1 million and $0.2 million, respectively, of stock-based compensation expense recorded as cost of sales.

(4) The three and nine months ended September 27, 2025 included $0.6 million and $2.0 million, respectively, of stock-based compensation expense for awards with both performance and market conditions that will be settled in cash. The three and nine months ended September 28, 2024 included $0.9 million and $2.8 million, respectively, of stock-based compensation expense for awards with both performance and market conditions that will be settled in cash.

Electronic Systems

Electronic Systems net revenues in the three months ended September 27, 2025 compared to the three months ended September 28, 2024 increased $7.7 million primarily due to the following in our key end-use markets:

- $8.2 million higher revenues in our military and space end-use markets due to higher rates on selected missile and fixed-wing aircraft platforms, partially offset by lower rates on electronic warfare platforms; partially offset by
- $5.6 million lower revenues in our commercial aerospace end-use markets due to lower rates on large aircraft platforms.

In addition, revenues for our industrial end-use markets for the three months ended September 27, 2025 increased $5.1 million compared to the three months ended September 28, 2024 mainly due to restocking and last time buys.

Electronic Systems net revenues in the nine months ended September 27, 2025 compared to the nine months ended September 28, 2024 increased $18.7 million primarily due to the following in our key end-use markets:

- $34.3 million higher revenues in our military and space end-use markets due to higher rates on selected missiles, a classified program, fixed-wing aircraft, and radar platforms, partially offset by lower rates on selected rotary-wing aircraft platforms; partially offset by
- $15.3 million lower revenues in our commercial aerospace end-use markets due to lower rates on large aircraft platforms and lower in-flight entertainment revenues.

In addition, revenues for our industrial end-use markets for the nine months ended September 27, 2025 decreased $0.3 million compared to the nine months ended September 28, 2024 mainly due to our selective pruning of non-core business.

Electronic Systems segment operating income in the three months ended September 27, 2025 compared to the three months ended September 28, 2024 increased $2.2 million primarily due to higher manufacturing volume.

Electronic Systems segment operating income in the nine months ended September 27, 2025 compared to the nine months ended September 28, 2024 increased $5.5 million primarily due to higher manufacturing volume, favorable product mix, and lower other manufacturing costs.

Structural Systems

Structural Systems net revenues in the three months ended September 27, 2025 compared to the three months ended September 28, 2024 increased $3.5 million primarily due to the following:

- $6.0 million higher revenues in our military and space end-use markets due to higher rates on selected rotary-wing aircraft and ground vehicle weapon platforms; partially offset by
- $2.5 million lower revenues in our commercial aerospace end-use markets due to lower rates on business jet aircraft platforms, partially offset by higher rates on large aircraft platforms.

Structural Systems net revenues in the nine months ended September 27, 2025 compared to the nine months ended September 28, 2024 increased $1.0 million primarily due to the following:

- $11.0 million higher revenues in our military and space end-use markets due to higher rates on selected rotary-wing aircraft and ground vehicle weapons platforms, partially offset by lower rates on selected fixed-wing aircraft platforms; partially offset by
- $10.0 million lower revenues in our commercial aerospace end-use markets due to lower revenues from Boeing 737 MAX and lower rates on rotary-wing aircraft platforms.

The Structural Systems segment operating income in the three months ended September 27, 2025 compared to the three months ended September 28, 2024 increased $3.6 million primarily due to lower other manufacturing costs and lower restructuring charges as a result of nearing the completion of the wind down of our Monrovia performance center, partially offset by lower manufacturing volume.

The Structural Systems segment operating income in the nine months ended September 27, 2025 compared to the nine months ended September 28, 2024 increased $10.1 million primarily due to lower other manufacturing costs and lower restructuring charges as a result of nearing the completion of the wind down of our Monrovia performance center, partially offset by unfavorable product mix and lower manufacturing volume.

In June 2020, a fire severely damaged our performance center in Guaymas, Mexico, which is part of our Structural Systems segment. The loss of production from the Guaymas performance center was absorbed by our other existing performance centers, however, we have reestablished our operations and are in the process of certification with various customers and ramping up our manufacturing capabilities in a different leased facility in Guaymas. We have insurance coverage up to a capped amount, less our deductible. The insurance claim for damages to our operating assets and business interruption was deemed final and closed by our insurance company during the three months ended July 1, 2023.

A neighboring, non-related manufacturing facility, also suffered fire damage during the same time as the fire that severely damaged our Guaymas performance center and, in November 2023, the occupant of the neighboring facility filed suit against us in U.S. District Court for the Central District of California seeking unspecified amounts for damages relating to the fire. Subsequent to our quarter ended September 27, 2025, on October 3, 2025, we entered into a binding settlement term sheet (the "Term Sheet") to resolve the Guaymas fire litigation against us. The Term Sheet provides for, among other things, the final dismissal of the Guaymas fire litigation against us with prejudice and a release of claims against us in exchange for us issuing a payment of $150.0 million, $56.0 million of which is expected to be funded by our insurance carriers. Also subsequent to our quarter ended September 27, 2025, on October 9, 2025, we settled an ancillary subrogation claim related to the fire for $1.4 million. See Note 10 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further information.

Corporate General and Administrative ("CG&A") Expenses

CG&A expenses increased $101.1 million for the three months ended September 27, 2025 compared to the three months ended September 28, 2024, primarily due to the litigation settlement and related costs, net, of $99.7 million discussed above.

CG&A expenses increased $103.8 million for the nine months ended September 27, 2025 compared to the nine months ended September 28, 2024, primarily due to the litigation settlement and related costs, net, of $99.7 million discussed above and higher compensation and benefits costs of $4.2 million, partially offset by lower professional services fees of $2.0 million.

Non-GAAP Financial Measures

Adjusted earnings before interest, taxes, depreciation, amortization, stock-based compensation expense, restructuring charges, and inventory purchase accounting adjustments ("Adjusted EBITDA") were $34.4 million and $31.9 million for the three months ended September 27, 2025 and September 28, 2024, respectively.

When viewed with our financial results prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and accompanying reconciliations, we believe Adjusted EBITDA provides additional useful information that clarifies and enhances the understanding of the factors and trends affecting our past performance and future prospects. We define this measure, explain how it is calculated and provide a reconciliation of this measure to the most comparable GAAP measure in the table below. Adjusted EBITDA and the related financial ratios, as presented in this Quarterly Report on Form 10-Q ("Form 10-Q"), are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. They are not a measurement of our financial performance under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP, or as an alternative to net cash provided by operating activities as measures of our liquidity. The presentation of these measures should not be interpreted to mean that our future results will be unaffected by unusual or nonrecurring items.

We use Adjusted EBITDA as a non-GAAP operating performance measure internally as a complementary financial measure to evaluate the performance and trends of our businesses. We present Adjusted EBITDA and the related financial ratios, as applicable, because we believe that measures such as these provide useful information with respect to our ability to meet our operating commitments.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations include:

- It does not reflect our cash expenditures, future requirements for capital expenditures or contractual commitments;
- It does not reflect changes in, or cash requirements for, our working capital needs;
- It does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- It is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;

- It does not reflect the impact on earnings of charges resulting from matters unrelated to our ongoing operations; and
- Other companies in our industry may calculate Adjusted EBITDA differently from us, limiting its usefulness as a comparative measure.

As a result of these limitations, Adjusted EBITDA and the related financial ratios should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as a measure of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only as supplemental information. See our condensed consolidated financial statements contained in this Form 10-Q.

Even with the limitations above, we believe that Adjusted EBITDA is useful to an investor in evaluating our results of operations as this measure:

- Is widely used by investors to measure a company's operating performance without regard to items excluded from the calculation of such terms, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors;
- Helps investors to evaluate and compare the results of our operations from period to period by removing the effect of our capital structure from our operating performance; and
- Is used by our management team for various other purposes in presentations to our Board of Directors as a basis for strategic planning and forecasting.

The following financial items have been added back to or subtracted from our net income when calculating Adjusted EBITDA:

- Interest expense may be useful to investors for determining current cash flow;
- Income tax (benefit) expense may be useful to investors because it represents the taxes which may be (receivable) payable for the period and the change in deferred taxes during the period, and may (increase) reduce cash flow available for use in our business;
- Depreciation may be useful to investors because it generally represents the wear and tear on our property and equipment used in our operations;
- Amortization expense may be useful to investors because it represents the estimated attrition of our acquired customer base and the diminishing value of product rights;
- Stock-based compensation may be useful to our investors for determining current cash flow;
- Restructuring charges may be useful to our investors in evaluating our core operating performance;
- Professional fees related to unsolicited non-binding acquisition offer may be useful to our investors in evaluating our core operating performance;
- Purchase accounting inventory step-ups may be useful to our investors as they do not necessarily reflect the current or on-going cash charges related to our core operating performance;
- Gain on sale of property and other assets may be useful to our investors in evaluating our core operating performance; and
- Litigation settlement and related costs, net, may be useful to our investors in evaluating our core operating performance.

Reconciliations of net income to Adjusted EBITDA and the presentation of Adjusted EBITDA as a percentage of net revenues were as follows:

	(Dollars in thousands) Three Months Ended		(Dollars in thousands) Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net (loss) income	$ (64,446)	$ 10,148	$ (41,382)	$ 24,721
Interest expense	2,927	3,829	9,198	11,687
Income tax (benefit) expense	(18,531)	1,289	(12,372)	5,404
Depreciation	4,037	4,285	12,305	12,339
Amortization	4,301	4,246	12,890	12,790
Stock-based compensation expense (1)	5,808	4,467	17,511	12,753
Restructuring charges (2)	583	1,924	1,617	5,405
Professional fees related to unsolicited non-binding acquisition offer	—	1,033	—	2,407
Inventory purchase accounting adjustments	—	663	—	1,745
Gain on sale of property and other assets	—	—	(1,746)	—
Litigation settlement and related costs, net	99,675	—	99,675	—
Adjusted EBITDA	$ 34,354	$ 31,884	$ 97,696	$ 89,251
Net (loss) income as a % of net revenues	(30.3)%	5.0 %	(6.8)%	4.2 %
Adjusted EBITDA as a % of net revenues	16.2 %	15.8 %	16.0 %	15.1 %

(1) The three and nine months ended September 27, 2025 included $0.6 million and $2.0 million, respectively, of stock-based compensation expense for awards with both performance and market conditions that will be settled in cash. The three and nine months ended September 28, 2024 included $0.9 million and $2.8 million, respectively, of stock-based compensation expense for awards with both performance and market conditions that will be settled in cash. The three and nine months ended September 27, 2025 included $0.1 million and $0.3 million, respectively, of stock-based compensation expense recorded as cost of sales. The three and nine months ended September 28, 2024 included $0.1 million and $0.3 million, respectively, of stock-based compensation expense recorded as cost of sales.

(2) The three and nine months ended September 28, 2024 included zero and $0.9 million, respectively, of restructuring charges that were recorded as cost of sales.

Backlog

We define backlog as customer placed purchase orders (“POs”) and long-term agreements (“LTAs”) with firm fixed price and expected delivery dates of 24 months or less. The majority of the LTAs do not meet the definition of a contract under ASC 606, and thus, the backlog amount disclosed below may or may not be greater than the remaining performance obligations amount disclosed in Note 1 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q. Backlog is subject to delivery delays or program cancellations, which are beyond our control. Backlog is affected by timing differences in the placement of customer orders and tends to be concentrated in several programs to a greater extent than our net revenues.

The increase in backlog was primarily in the commercial aerospace and military and space end-use markets. $795.0 million of total backlog is expected to be delivered over the next 12 months. The following table summarizes our backlog as of September 27, 2025 and December 31, 2024:

	(Dollars in thousands)		
	Change	September 27, 2025	December 31, 2024
Consolidated Ducommun			
Military and space	$ 25,964	$ 650,749	$ 624,785
Commercial aerospace	49,591	465,496	415,905
Industrial	(633)	19,496	20,129
Total	$ 74,922	$ 1,135,741	$ 1,060,819
Electronic Systems			
Military and space	$ 2,596	$ 462,142	$ 459,546
Commercial aerospace	14,820	91,111	76,291
Industrial	(633)	19,496	20,129
Total	$ 16,783	$ 572,749	$ 555,966
Structural Systems			
Military and space	$ 23,368	$ 188,607	$ 165,239
Commercial aerospace	34,771	374,385	339,614
Total	$ 58,139	$ 562,992	$ 504,853

Liquidity and Capital Resources

Available Liquidity

Total debt, the weighted-average interest rate, cash and cash equivalents and available credit facilities were as follows:

	(Dollars in millions)	
	September 27, 2025	December 31, 2024
Total debt, including long-term portion	$ 228.1	$ 243.2
Weighted-average interest rate on debt	6.11 %	7.25 %
Term Loan interest rate	5.80 %	7.02 %
Cash and cash equivalents	$ 50.9	$ 37.1
Unused Revolving Credit Facility	$ 199.8	$ 191.0

In July 2022, we completed a refinancing of all our existing debt by entering into a new term loan ("2022 Term Loan") and a new revolving credit facility ("2022 Revolving Credit Facility"). The 2022 Term Loan is a $250.0 million senior secured loan that matures on July 14, 2027. The 2022 Revolving Credit Facility is a $200.0 million senior secured revolving credit facility that matures on July 14, 2027. The 2022 Term Loan and 2022 Revolving Credit Facility, collectively, represent our new credit facilities ("2022 Credit Facilities"). In conjunction with the closing of the 2022 Credit Facilities, we utilized the entire $250.0 million of proceeds from the 2022 Term Loan plus our existing cash on hand to pay off our entire debt balance outstanding of $254.2 million under our prior credit facilities. At the same leverage ratio, the interest rate spread in the 2022 Credit Facilities is lower than the interest rate spread under our prior credit facilities. Interest payments are typically paid either on a monthly or quarterly basis, depending on the interest rate selected, on the last business day each month or quarter. In addition, the 2022 Term Loan requires quarterly amortization payments of 0.625% during year one and year two, 1.250% during year three and year four, and 1.875% during year five of the original outstanding principal balance of the 2022 Term Loan amount, on the last business day each quarter. Further, the undrawn portion of the commitment of the 2022 Revolving Credit Facility is subject to a commitment fee ranging from 0.175% to 0.275%, based upon the consolidated total net adjusted leverage ratio, typically paid on a quarterly basis, on the last business day each quarter. However, the 2022 Revolving Credit Facility does not require any principal installment payments. As of September 27, 2025, we were in compliance with all covenants required under the 2022 Credit Facilities. See Note 7 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further information.

For the three months ended September 27, 2025 and September 28, 2024, we made the required quarterly amortization payments on the 2022 Term Loan of $3.1 million that was due on June 30, 2025 and zero, respectively. The required quarterly amortization payments due on September 30, 2025 and September 30, 2024, respectively, are both in the fiscal fourth quarter. For the nine months ended September 27, 2025 and September 28, 2024, we made the required quarterly amortization payments on the 2022 Term Loan of $6.3 million and $3.1 million, respectively. We made no voluntary prepayments on our term loans during each of the three and nine months ended September 27, 2025 and September 28, 2024.

Subsequent to our quarter ended September 27, 2025, on October 3, 2025, we entered into the Term Sheet to resolve the Guaymas Fire Litigation against us. The Term Sheet provides for, among other things, the final dismissal of the Guaymas Fire Litigation against us with prejudice and a release of claims against us in exchange for us issuing a payment of $150.0 million, $56.0 million of which is expected to be funded by our insurance carriers. See Note 1 and Note 10 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further information.

In April 2022, we approved and commenced a restructuring plan that will position us for stronger performance. The restructuring plan will mainly reduce headcount and consolidate facilities. As a result of this restructuring plan, we analyzed the need to write-down inventory and impair long-lived assets, including operating lease right-of-use assets. As of September 27, 2025, we estimate the remaining amount of charges related to this initiative will be $0.5 million of total pre-tax restructuring charges during 2025 for facility consolidation related expenses. The restructuring accrual for severance and benefits and other of $1.0 million as of September 27, 2025 are expected to be paid out during 2025. On an annualized basis, we anticipate these restructuring actions will result in total cost savings of $11.0 million to $13.0 million. See Note 2 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further information.

In November 2021, we entered into derivative contracts, U.S. dollar-one month LIBOR forward interest rate swaps designated as cash flow hedges, all with an effective date of January 1, 2024, for an aggregate total notional amount of $150.0 million, weighted average fixed rate of 1.8%, and all terminating on January 1, 2031 ("Forward Interest Rate Swaps"). The Forward Interest Rate Swaps mature on a monthly basis, with fixed amount payer payment dates on the first day of each calendar month, commencing on February 1, 2024 through January 1, 2031. See Note 1, Note 3, and Note 7 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further information.

In July 2022, as a result of completing a refinancing of our existing debt, we were required to complete an amendment of the Forward Interest Rate Swaps ("Amended Forward Interest Rate Swaps"). The Forward Interest Rate Swaps were based on U.S. dollar-one month LIBOR and were amended to be based on one month Term SOFR as borrowings using LIBOR are no longer available under the 2022 Credit Facilities. The Amended Forward Interest Rate Swaps weighted average fixed rate is 1.7%, as a result of the difference between U.S. dollar-one month LIBOR and one month Term SOFR. See Note 1, Note 3, and Note 7 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further information.

We expect to spend a total of $18.0 million to $20.0 million for capital expenditures in 2025 financed by cash generated from operations, principally to support new contract awards in Electronic Systems and Structural Systems. As part of our strategic plan to become a supplier of higher-level assemblies and win new contract awards, additional up-front investment in tooling will be required for newer programs which have higher engineering content and higher levels of complexity in assemblies.

We believe the ongoing aerospace and defense subcontractor consolidation makes acquisitions an increasingly important component of our future growth. We will continue to make prudent acquisitions and capital expenditures for manufacturing equipment and facilities to support long-term contracts for commercial and military aircraft and defense programs.

We monitor our asset base, including the market dynamics of the properties we own, and we may sell such properties and/or enter into sale-leaseback transactions. Such transactions would provide cash for various capital deployment options.

We continue to depend on operating cash flow and the availability of our 2022 Credit Facilities to provide short-term liquidity. Cash generated from operations and bank borrowing capacity is expected to provide sufficient liquidity to meet our obligations during the next twelve months from the date of issuance of these financial statements.

Cash Flow Summary

Net cash provided by operating activities for the nine months ended September 27, 2025 was $41.3 million compared to $15.8 million for the nine months ended September 28, 2024. The higher net cash provided by operating activities during the first nine months of 2025 was mainly due to the litigation settlement and related costs, net, which impacted net loss but has not yet been paid and higher accounts payable, partially offset by higher contract assets.

Net cash used in investing activities was $9.1 million for the nine months ended September 27, 2025, compared to $10.3 million in the nine months ended September 28, 2024. The lower net cash used in investing activities during the first nine months of 2025 was mainly due to proceeds from the sale of our Berryville, Arkansas facility. See Note 1 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further information.

Net cash used in financing activities was $18.4 million for the nine months ended September 27, 2025, compared to $11.1 million for the nine months ended September 28, 2024. The higher net cash used in financing activities during the first nine months of 2025 was mainly due to higher payments on our revolving credit facility and term loan.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist of operating and finance leases not recorded as a result of the practical expedients utilized, right of offset of industrial revenue bonds and associated failed sales-leasebacks on property and equipment, and indemnities, none of which we believe may have a material current or future effect on our financial condition, liquidity, capital resources, or results of operations.

Critical Accounting Policies

The preparation of our condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States requires estimation and judgment that affect the reported amounts of net revenues, expenses, assets and liabilities. For a description of our critical accounting policies, please refer to "Critical Accounting Policies" in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2024 Annual Report on Form 10-K. There have been no material changes in any of our critical accounting policies during the three months ended September 27, 2025.

Recent Accounting Pronouncements

See "Part I, Item 1. Ducommun Incorporated and Subsidiaries—Notes to Condensed Consolidated Financial Statements—Note 1. Summary of Significant Accounting Policies—Recent Accounting Pronouncements" for further information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our main market risk exposure relates to changes in U.S. interest rates on our outstanding long-term debt. At September 27, 2025, we had total borrowings of $228.1 million under our 2022 Credit Facilities.

The 2022 Term Loan bears interest, at our option, at a rate equal to either (i) Term Secured Overnight Financing Rate ("Term SOFR") plus an applicable margin ranging from 1.375% to 2.375% per year or (ii) Base Rate (defined as the highest of [a]

Federal Funds Rate plus 0.50%, [b] Bank of America's prime rate, and [c] Term SOFR plus 1.00%, and if the Base Rate is less than zero percent, it will be deemed zero percent) plus an applicable margin ranging from 0.375% to 1.375% per year, in each case based upon the consolidated total net adjusted leverage ratio.

The 2022 Revolving Credit Facility bears interest, at our option, at a rate equal to either (i) Term SOFR plus an applicable margin ranging from 1.375% to 2.375% per year or (ii) Base Rate (defined as the highest of [a] Federal Funds Rate plus 0.50%, [b] Bank of America's prime rate, and [c] Term SOFR plus 1.00%, and if the Base Rate is less than zero percent, it will be deemed zero percent) plus an applicable margin ranging from 0.375% to 1.375% per year, in each case based upon the consolidated total net adjusted leverage ratio.

A hypothetical 10% increase or decrease in the interest rate would have an immaterial impact on our financial condition and results of operations.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company's chief executive officer ("CEO") and chief financial officer ("CFO") have conducted an evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) and concluded that such disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended September 27, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 10 to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for a description of our legal proceedings.

Item 1A. Risk Factors

See Part I, Item 1A of our Annual Report on Form 10-K ("Form 10-K") for the year ended December 31, 2024 for a discussion of our risk factors. There have been no material changes during the three months ended September 27, 2025 to the risk factors disclosed in our Form 10-K for the year ended December 31, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
3.1	Restated Certificate of Incorporation filed with the Delaware Secretary of State on May 29, 1990. Incorporated by reference to Exhibit 3.1 to Form 10-K for the year ended December 31, 1990.
3.2	Certificate of Amendment of Certificate of Incorporation filed with the Delaware Secretary of State on May 27, 1998. Incorporated by reference to Exhibit 3.2 to Form 10-K for the year ended December 31, 1998.
3.3	Amended and Restated Bylaws of Ducommun Incorporated, dated as of November 5, 2024. Incorporated by reference to Exhibit 3.1 to Form 8-K filed on November 7, 2024.
31.1	Certification of Principal Executive Officer.
31.2	Certification of Principal Financial Officer.
32	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document with Embedded Linkbase Documents - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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* Indicates an executive compensation plan or arrangement.

SIGNATURES

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

		DUCOMMUN INCORPORATED
		(Registrant)
Date: November 5, 2025	By:	/s/ Stephen G. Oswald
		Stephen G. Oswald Chairman, President and Chief Executive Officer (Principal Executive Officer)
Date: November 5, 2025	By:	/s/ Suman B. Mookerji
		Suman B. Mookerji Senior Vice President, Chief Financial Officer (Principal Financial and Principal Accounting Officer)

EXHIBIT 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002

I, Stephen G. Oswald, certify that:

1. I have reviewed this Quarterly Report of Ducommun Incorporated (the “registrant”) on Form 10-Q for the period ended September 27, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f), and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 5, 2025

/s/ Stephen G. Oswald

Stephen G. Oswald
Chairman, President and Chief Executive Officer

EXHIBIT 31.2

Certification of Principal Financial Officer
Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002

I, Suman B. Mookerji, certify that:

1. I have reviewed this Quarterly Report of Ducommun Incorporated (the "registrant") on Form 10-Q for the period ended September 27, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ Suman B. Mookerji

Suman B. Mookerji
Senior Vice President, Chief Financial Officer

EXHIBIT 32

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of
the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Ducommun Incorporated (the “Company”) on Form 10-Q for the period ending September 27, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen G. Oswald, Chairman, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Stephen G. Oswald
Stephen G. Oswald
Chairman, President and Chief Executive Officer
November 5, 2025

In connection with the Quarterly Report of Ducommun Incorporated (the “Company”) on Form 10-Q for the period ending September 27, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Suman B. Mookerji, Senior Vice President, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Suman B. Mookerji
Suman B. Mookerji
Senior Vice President, Chief Financial Officer
November 5, 2025

The foregoing certification is accompanying the Form 10-Q solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being filed as part of the Form 10-Q or as a separate disclosure document.