NEWS RELEASE

AAON Reports Fourth Quarter and Full Year 2024 Results

2025-02-27

TULSA, OK, February 27, 2025 - AAON, INC. (NASDAQ-AAON), a leading producer of premium HVAC solutions, today announced its results for the fourth quarter and full year of 2024.

Gary Fields, CEO, stated, “As we anticipated early in the year, 2024 had its share of triumphs and obstacles for AAON. The BASX brand made a significant impact on the data center market with the industry's first large-scale development and sale of a custom-designed liquid cooling solution. Along with strong demand for BASX's air-side data center cooling equipment, this drove the Company's total backlog to finish the year up 70.0% from the end of 2023. To meet a strengthening pipeline of demand beyond the backlog, we also successfully increased production capacity in 2024 with the completion of our 245,000 square foot addition at our Longview, Texas location and the purchase of our new 787,000 square foot building in Memphis, Tennessee. Conversely, the Company's AAON brand faced two major challenges: an industry-regulated refrigerant transition and nonresidential construction activity that weakened throughout the year. Despite the challenges, sales of AAON-branded equipment were down only modestly in 2024. Bookings and year-end backlog of this equipment were up year-over-year in the mid-to-high teens. All in, we deem the year to be a success.”

Net sales for the fourth quarter of 2024 decreased 2.9% to $297.7 million from $306.6 million in the fourth quarter of 2023. The AAON Oklahoma segment was the driving factor in the decline in net sales. The segment realized a year-over-year decline of 16.1%, the result of a combination of factors including weak macro conditions and temporary adverse effects of the industry-regulated refrigerant transition. However, looking at our two year growth for the years ended December 31, 2022-2024, AAON Oklahoma sales are up 29.4% speaking to the strong share gains over that period. This was partially offset by an increase in sales of 129.9% at the AAON Coil Products

segment, which benefited from the onset of production of BASX-branded liquid cooling data center equipment at the AAON Coil Products facility, as well as solid growth of AAON-branded split systems.

Gross profit for the quarter decreased 30.5% to $77.6 million, or 26.1% of sales, compared to the same period a year ago. The contraction in gross margin partially reflects lower volumes and the related deleveraging of fixed costs at the AAON Oklahoma segment. Additionally, our investments in growth at both AAON Coil Products and BASX segments supporting the increasing demand for data center products has resulted in temporary negative impacts on gross profits in both segments.

The fourth quarter benefited from a large excess tax benefit of $4.6 million relating to stock based compensation compared to $2.5 million in the same period a year ago. Earnings per diluted share in the fourth quarter of 2024 decreased 46.4% to $0.30 from $0.56 in the fourth quarter of 2023.

Backlog was up from a year ago at all three segments, with the largest increase at the AAON Coil Products segment, which received over $200.0 million of orders in the fourth quarter. Most of these orders were associated with the BASX-branded data center liquid cooling order, which was addressed on the third quarter earnings call.

Mr. Fields concluded, “As we progress through the early months of 2025, we believe we are nearing the end of this temporary slowdown we have been experiencing since early last year. Many of the headwinds we faced in 2024 are behind us. The adverse effects of the refrigerant transition will likely linger through the first quarter. However, as we move into the second quarter, we expect these headwinds will dissipate, resulting in an acceleration in demand. The backlog of BASX-branded equipment entered the year up over 100.0% compared to a year ago, and the pipeline of future orders remains robust. We anticipate a vast majority of the Company's total backlog will convert in 2025. Margins will remain under pressure early in the year as we endure less-than-optimal volumes at the AAON Oklahoma segment and absorb pre-production start-up costs at the new Memphis facility. However, this will be temporary, and we expect margins to significantly improve throughout the year as volume growth accelerates and we right-size capacity and production efficiencies across the four main manufacturing locations. Over the next two years, we anticipate gross margins returning to levels we realized in the second half of 2023. The Company's fundamentals are strong, with substantial organic revenue and earnings growth potential, which we look forward to capitalizing on.”

As of December 31, 2024, the Company had cash, cash equivalents and restricted cash of $6.5 million and $154.9 million total debt. Rebecca Thompson, CFO, commented, “Cash flows from operating activities in the fourth quarter were impacted by lower net income and investments made in working capital. Due to the significant increase in backlog, we had to make necessary inventory purchases to facilitate production early in 2025. Capital expenditures in the fourth quarter increased nearly four-fold from a year ago due to the $63.4 million spent in December on the closing of our new Memphis facility. Both expenditures are related to investments in capacity and infrastructure to

accommodate the robust growth we anticipate in the future. These cash outlays led us to borrow $20.8 million during the quarter through our revolving line of credit and establish our new term loan facility. Our balance sheet remains strong, with a current ratio of 2.8 and a leverage ratio of 0.57. Given this and the Company's strong fundamentals, our Board of Directors approved a new $100.0 million share repurchase program that we would utilize opportunistically. In the near-term, our primary focus will be on organic investments to accommodate growth, including bringing the Memphis facility up to speed for production to commence later this year."

Supplemental financial tables are available in PDF version of this **press release**.

Conference Call and Webcast

The Company will host a conference call and webcast to discuss its financial results and outlook on February 27, 2025 at 9:00 A.M. ET. The conference call will be accessible via a dial-in for those who wish to participate in Q&A as well as a listen-only webcast. The accessible dial-in is accessible at 1-800-836-8184. To access the listen-only webcast, please register at **https://app.webinar.net/0kBVxQBboaR**. On the next business day following the call, a replay of the call will be available on the Company's website at **https://investors.aaon.com/**.

About AAON

Founded in 1988, AAON is a global leader in HVAC solutions for commercial, industrial and data center indoor environments. The Company's industry-leading approach to designing and manufacturing highly configurable and custom-made equipment to meet exact needs creates a premier ownership experience with greater efficiency, performance and long-term value. Its highly engineered equipment is sold under the AAON and BASX brands. AAON is headquartered in Tulsa, Oklahoma, where its world-class innovation center and testing lab allows AAON engineers to continuously push boundaries and advance the industry. For more information, please visit **www.aaon.com**.

Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "should", "will", and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligations to update publicly any forward-looking statements, whether as a result of new

information, future events or otherwise. Important factors that could cause results to differ materially from those in the forward-looking statements include (1) the timing and extent of changes in raw material and component prices, (2) the effects of fluctuations in the commercial/industrial new construction market, (3) the timing and extent of changes in interest rates, as well as other competitive factors during the year, and (4) general economic, market or business conditions.

Supplemental financial tables are available in PDF version of this **press release**.