NEWS RELEASE

AAON Reports Record Sales, Earnings & Backlog for the Third Quarter of 2022

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TULSA, OK, November 7, 2022 - AAON, INC. (NASDAQ-AAON), a provider of premier, configurable HVAC solutions that bring long-term value to customers and owners, today announced its results for the third quarter of 2022.

Net sales for the third quarter of 2022 increased 75.1% to a record $242.6 million from $138.6 million in the third quarter of 2021. Organic volume growth and product mix contributed approximately 26.9% to year-over-year growth. Volume growth reflected the Company's strong backlog and a third straight quarter of record production. In addition to volume, pricing contributed 24.4% of growth and the acquisition of BasX contributed 23.8% of growth. Similar to the legacy business, BasX performed extremely well in the quarter. BasX realized record sales and EBITDA, while increasing its backlog 33.8% compared to the end of the second quarter of 2022.

Gross profit margin in the quarter increased to 27.0%, the highest level since the second quarter of 2021. Higher pricing and improved productivity offset increased costs and the adverse effects of supply chain issues. Similar to the trend realized within the second quarter of 2022, gross profit margin improved sequentially throughout the third quarter.

Earnings per diluted share in the third quarter of 2022 increased 75.9% to a record $0.51 from $0.29 in the third quarter of 2021. The increase in earnings was primarily due to robust volume growth and improved gross profit margin. Furthermore, as a percent of sales, SG&A expenses, excluding BasX, were down 80 basis points from a year ago to 10.7%, the lowest level of any quarter in over two years.

The Company finished the third quarter of 2022 with a record backlog of $514.7 million, up 183.1% from $181.8 million a year ago, and up 10.9% from $464.0 million at the end of the second quarter of 2022. Excluding BasX's backlog, organic backlog was up 109.6% from the prior year quarter.

Gary Fields, President and CEO, stated, “Our performance in the third quarter was excellent. I was particularly pleased to see a material improvement in gross profit margin as a result of our pricing strategy gaining traction. Furthermore, despite supply chain issues persisting, productivity improved throughout the quarter, a reflection of how well our operations are performing. Better productivity, along with an increase in headcount, helped us realize a third straight quarter of record production. Meanwhile, we continue to grow our backlog. Bookings in the quarter were solid. Total bookings increased 36.7% compared to the second quarter of 2022, almost all of which was driven by volume, with a small amount related to pricing.”

Mr. Fields continued, “BasX continues to build momentum. In the third quarter, the business realized record revenue and EBITDA. Backlog at BasX at the end of the quarter also finished at a record level, up 33.8% from the end of the second quarter. New bookings in the quarter were by far a record for the business as it benefited from a strong pipeline of projects in the data center and semiconductor markets. Revenue synergies related to the acquisition are being realized and we are making progress integrating BasX production into our Longview facility. We are also starting to recognize cost synergies, which should accelerate over the next 12 months. Overall, we continue to be excited about the growth opportunities that BasX is bringing to AAON."

Mr. Fields continued, "In the third quarter, we made the decision to terminate our WH and WV series portion of the water-source heat pump business. After careful analysis, we determined this type of product does not allow us to meet our profit margin targets. Additionally, upcoming new refrigerant regulations would require a capital infusion that we determined would not be the best use of capital. This product line generated approximately $10.0 million of revenue in 2021 and was on track for a similar level in 2022. We plan to accept orders through the rest of 2022, at which time we will stop accepting new orders and will work on building the rest of the WH/WV backlog before repurposing personnel and equipment."

Mr. Fields concluded, “As we approach the end of the year, we remain positive on the business. Production rates and productivity levels continue to increase, and the margin profile of the backlog is the best that it has been all year, which suggests gross margin will continue to improve, and order trends remain positive. We are confident that we will finish the year on a high note in the fourth quarter.”

As of September 30, 2022, the Company had cash and cash equivalents of $10.7 million and total debt of $76.3

million. Rebecca Thompson, CFO, commented, “In the third quarter, we generated $43.4 million of cash flows from operations, the strongest quarter in at least five years. Within the quarter, we paid down $30.0 million on our line of credit. Our balance sheet remains strong. At the end of the third quarter, our leverage ratio decreased to 0.65, from 1.06 at the end of the second quarter. In the fourth quarter, we anticipate another solid quarter of cash flows from operations, allowing us to continue to reduce our borrowings under the line of credit while making necessary capital investments for long-term growth.”

Conference Call

The Company will host a conference call and webcast today at 5:15 P.M. ET to discuss the third quarter 2022 results and outlook. 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 dial-in is 1-888-440-3307 for domestic callers or 1-646-960-0787 for international callers, both accessible with the conference ID 7249161. To access the listen-only webcast, please register at https://events.q4inc.com/attendee/219209225.

About AAON

Founded in 1988, AAON is a world leader in HVAC solutions for commercial and industrial indoor environments. The Company's industry-leading approach to designing and manufacturing highly configurable equipment to meet exact needs creates a premier ownership experience with greater efficiency, performance, and long-term value. 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

Certain statements in this news release may be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933. Statements regarding future prospects and developments are based upon current expectations and involve certain risks and uncertainties that could cause actual results and developments to differ materially from the forward-looking statements.

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