NEWS RELEASE

AAON Reports Record Sales & Earnings for the Second Quarter of 2023

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TULSA, OK, August 3, 2023 - 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 second quarter of 2023.

Net sales for the second quarter of 2023 increased 36.0% to a record $284.0 million from $208.8 million in the second quarter of 2022. Organic volume growth contributed approximately 16.0% to year over year growth. Volume growth reflects the efficiencies gained from developing our workforce and lessening impacts of supply chain disruption. Additionally, pricing comprised 20.0% of growth.

Gross profit margin in the quarter increased to 33.1%, up 1,040 basis points from the comparable quarter in 2022. The primary driver for the higher profit margin was better pricing along with moderating cost inflation.

As a percent of sales, SG&A expenses increased 90 basis points to 13.8%. The slight increase in SG&A expenses as a percent of sales is primarily due to our profit sharing expense that has increased due to our record earnings in the quarter. Earnings per diluted share for the three months ended June 30, 2023, was $0.82, an increase of 173.3% from the second quarter of 2022. The Company recognized a one-time income tax benefit of $3.1 million from the change in our valuation allowance during the current quarter that contributed to the increase to net income for the period.

The Company finished the second quarter of 2023 with a backlog of $526.2 million, up 13.4% from $464.0 million a year ago, and down from $599.9 million at the end of the first quarter of 2023.

Gary Fields, President and CEO, stated, “After investing in significant amounts of new manufacturing capacity over the previous two years, production output began to outpace bookings in the second quarter, allowing for the size of our backlog and the length of our lead times to start to normalize. At June 30, 2023, backlog was down 12.3% from the end of the first quarter, ending a streak of nine straight quarters of backlog growth. While the backlog size and lead times are still higher than we would like them to be, we are pleased at the progress we are making and

anticipate further progress in the second half of the year. This will enable us to be even more competitive with bookings as well as help improve operational efficiencies. In the quarter, we held the grand opening of our new marketing building, in Tulsa, also known as the Exploration Center. This facility will also help further our efforts of taking market share. Overall, while there are pockets of softness amongst some of our end-markets, the pipeline of projects is solid and our sales channel remains positive."

Mr. Fields continued, "Our sales channel has never been stronger and our new marketing efforts will help continue to strengthen market penetration. In the third quarter of this year, we anticipate the sales and marketing roll out of our industry-leading class of air-source heat pumps, appropriately referred to as ALPHA Class. The AAON ALPHA Class was engineered to help accelerate the widespread adoption of cleaner, more-efficient heat pump technology – and will continue to set the standard for high-performance air-source heat pumps in the commercial and industrial HVAC industry."

Mr. Fields concluded, "The second quarter of 2023 was another excellent quarter for AAON as both sales and earnings were company records. Volume growth of 16.0% was impressive considering the year ago comparable quarter also realized volume growth in the double digits. As we've discussed for some time now, AAON has been very successful in hiring and retaining employees. We've added the additional employees needed to increase our run rate and as more time goes by, we anticipate continued margin improvement created from a fully trained, more experienced workforce as well as better overhead absorption from additional production volume."

As of June 30, 2023, the Company had cash, cash equivalents and restricted cash of $27.7 million and a balance of $78.5 million on the revolving credit facility. Rebecca Thompson, CFO, commented, "Higher earnings and collection of customer prepayments increased our cash provided by operating activities in the quarter to $55.1 million compared to $5.2 million in the second quarter of 2022. The closing of our New Markets Tax Credit during the quarter generated cash of $6.1 million and we expect to release funds from restricted cash in the fourth quarter, which will accelerate the payments on our revolving credit facility. Capital expenditures in the quarter were $31.7 million due to our continuous investment at all locations. Our balance sheet remains strong with a current ratio of 2.8 and a leverage ratio of 0.37, creating a strong foundation for our future growth."

Download the Full Release

To view consolidated statements of income, consolidated balance sheets, consolidated statements of cash flows, non-GAAP adjusted income, and EBITDA, download the full release as a **PDF**.

Conference Call

The Company will host a conference call and webcast today at 5:15 P.M. ET to discuss the second quarter 2023 results and outlook. The conference call will be accessible via dial-in for those who wish to participate in Q&A as well as a listen-only webcast. The dial-in is accessible at 1-877-550-1858 with the conference ID 1754341. To access the listen-only webcast, please register at **https://app.webinar.net/q12AjXYVoQ8**. On the next business day following the call, a replay of the call will be available on the Company's website at **https://AAON.com/Investors**.

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

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.

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