NEWS RELEASE

AAON Reports Record Sales & Earnings for the Third Quarter of 2024

2024-11-07

TULSA, OK, November 7, 2024 - AAON, INC. (NASDAQ-AAON), a leader in high-performing, energy-efficient HVAC solutions that bring long-term value to customers and owners, today announced its results for the third quarter of 2024.

Net sales for the third quarter of 2024 increased 4.9% to a record $327.3 million from $312.0 million in the third quarter of 2023.The year-over-year increase was largely driven by the BASX and AAON Coil Products segments, which realized growth of 58.8% and 36.7%, respectively. Sales at the AAON Oklahoma segment declined year-over-year 7.1%.

Gross profit margin in the quarter was 34.9%, down from 37.2% in the comparable quarter in 2023. The contraction in gross margin was a result of lower volumes at the AAON Oklahoma segment and temporary inefficiencies at BASX, partially offset by strong results at the AAON Coil Products segment which benefited from a favorable product mix and an increase in volumes.

SG&A expenses for the quarter ended September 30, 2024, continue to have elevated depreciation costs from the additional investments in technology we've made, offset by a decrease in professional fees due to the absence of the one-time $7.5 million settlement that occurred in the same period of 2023.Earnings per diluted share for the three months ended September 30, 2024, were $0.63, approximately flat from the adjusted earnings per diluted share in the third quarter of 2023.


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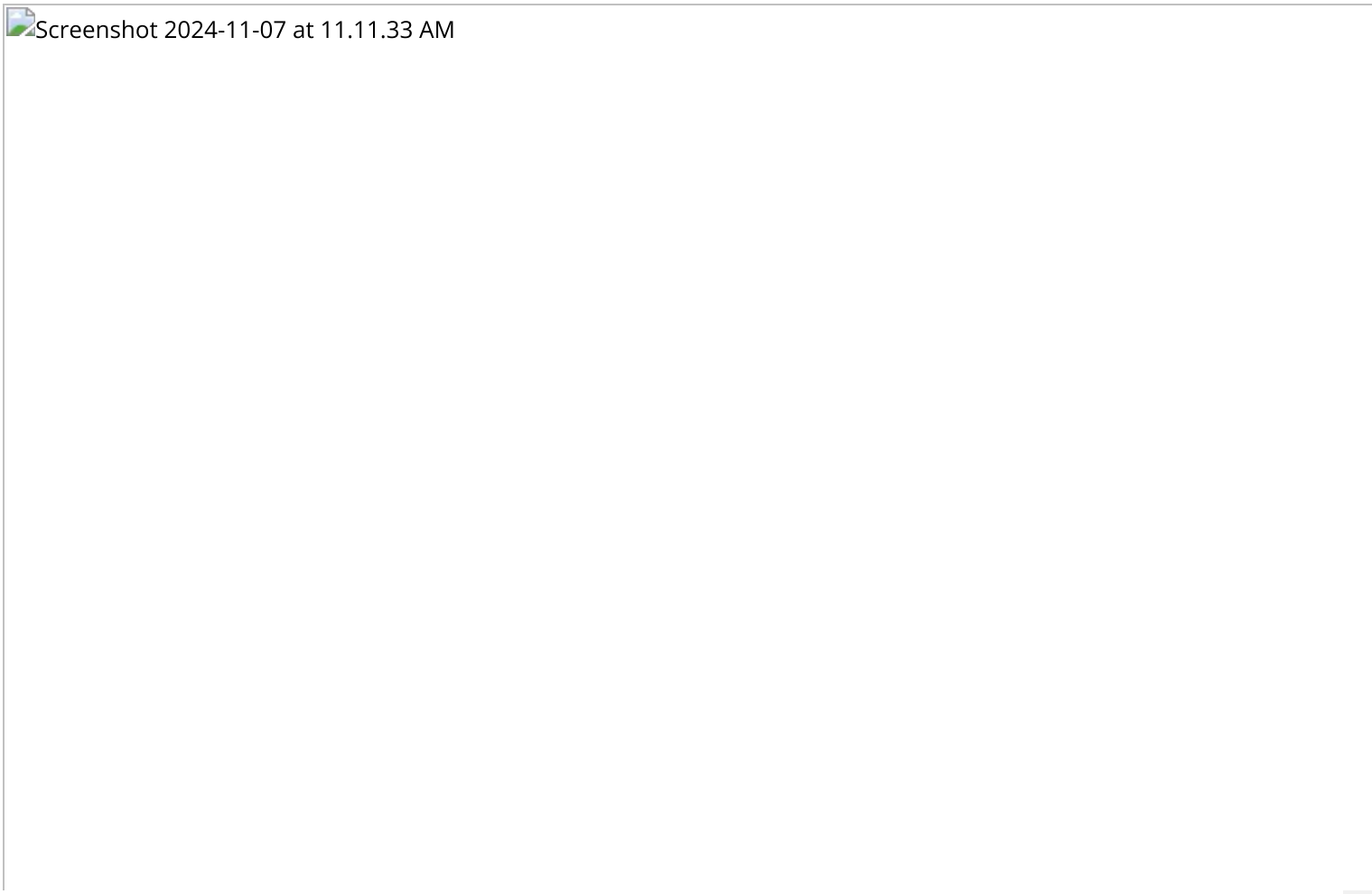
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At September 30, 2024, we had a backlog of $647.7 million, approximately flat with the backlog at the end of the second quarter. Compared to a year ago, backlog was up 32.0% from $490.6 million, driven by the BASX and AAON Coil Products segments. At the end of the quarter, a majority of total backlog consisted of orders of data center equipment that will be produced and delivered in 2025.

Gary Fields, CEO, stated, “The third quarter marked another quarter of strong results. Net sales for the quarter were a Company record, driven by robust growth at the BASX and AAON Coil Products segments. Demand at these two segments was largely spurred by the data center market as we continue to opportunistically leverage this high-growth market with our highly-engineered solutions-based product offerings. At the AAON Oklahoma segment, sales and profitability were in line with our expectations. Operationally, this segment continued to perform at a high level. The BASX segment still has some room for margin improvement, which we expect will occur over the next six months as disruptions related to the capacity expansion project, including outsourcing of parts manufacturing, dissipates and its shop reaches optimal efficiency. Overall, we were pleased with the third quarter results.”

Mr. Fields continued, “Bookings in the third quarter performed well, partially fueled by an increase in demand of traditional packaged rooftop units configured with the soon-to-be outdated R-410A refrigerant. While we also began realizing a pick-up in rooftop units configured with the new R-454B refrigerant, we anticipate a softening in overall rooftop demand in the near-term mainly due to the slower economic backdrop. At the same time, demand

for data center equipment remained strong, a trend we expect will continue."

Mr. Fields proceeded, "Subsequent to the end of the quarter, in October, we received approximately $174.5 million of orders that we expect will mostly be produced and shipped in the first half of 2025. These orders are associated with a liquid cooling solution for one data center customer and will be produced at our Longview, Texas location. This year, we have spoken at length about a large pipeline of opportunity in the data center space. These orders represent a fraction of that pipeline. The expansion project at the Texas location is on schedule to be complete by the end of this year with production to commence in early 2025. In addition, we recently entered into a definitive agreement to purchase a new 787,000 square foot facility in Memphis, Tennessee, which will accommodate incremental demand from the data center market over the next several years, at the same time providing more geographic diversification across our manufacturing footprint."

Mr. Fields concluded, "At this point in time, AAON is positioned for growth to accelerate in a transformative way over the next 12 months. As such, it is a very exciting time at the Company. However, we are managing the Company in a way to achieve sustainable growth over a much longer period. As demand for higher quality HVAC equipment and solutions increases, AAON is becoming increasingly more competitive. Furthermore, the vast build-out of data center capacity in North America is a massive opportunity for the Company. With our superior innovation and engineering, highly productive operations and world class sales channel, along with an enhanced group of leadership and enterprise resources, AAON is well positioned to take advantage of these opportunities and achieve our long-term growth and sustainability goals."

As of September 30, 2024, the Company had cash, cash equivalents and restricted cash of $6.7 million and a balance on its revolving credit facility of $55.7 million. Rebecca Thompson, CFO and Treasurer, commented, "During the quarter, we paid down $30.2 million on the revolving credit facility, reducing our leverage ratio to 0.19x. Capital expenditures in the quarter totaled $38.4 million, bringing our year-to-date investments to $113.7 million. Within the quarter we completed the expansion project at BASX, and we are on schedule to complete the expansion project at ACP by year-end. Looking ahead, with a strong balance sheet and many compelling growth opportunities, we will continue to reinvest our operating cash flows into additional production capacity, product innovation and infrastructure to help sustain long-term growth."

Conference Call

The Company will host a conference call and webcast today at 5:15 P.M. EDT to discuss the third quarter 2024 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 1-800-836-8184. To access the listen-only webcast, please register at **https://app.webinar.net/3dOzZ17jPB6**. 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 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 **https://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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