NEWS RELEASE

AAON Reports Second Quarter 2025 Results

2025-08-11

Q2 Highlights
(All comparisons are year-over-year, unless otherwise noted)

- Operations impacted by ERP roll out and supply constraints
  - Net sales down 0.6% to $311.6 million
  - GAAP diluted EPS of $0.19 down 69.4% and Non-GAAP adjusted diluted EPS of $0.22 down 64.5%
  - Non-GAAP Adjusted EBITDA margin down 1,120 basis points to 14.9%
- Strong bookings trends of both AAON- and BASX-branded equipment points to share gains continuing
  - Adjusted backlog up year-over-year 71.9% to $1.12 billion
- Reducing full-year 2025 outlook

TULSA, Okla., August 11, 2025 - 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 second quarter of 2025.

Second Quarter 2025 Results
Net sales for the second quarter of 2025 decreased 0.6% to $311.6 million, from $313.6 million in the second quarter of 2024.The year-over-year decline was driven by the AAON Oklahoma segment, which realized an 18.0% decrease in net sales. Although backlog at the segment was strong entering the quarter, supply chain constraints limited our ability to ramp production to the desired levels. The BASX and AAON Coil Products segments realized sales growth of 20.4% and 86.4%, respectively. Both segments benefited from strong year-over-year demand for

BASX-branded data center equipment. However, sales growth at the AAON Coil Products segment was limited due to the impact that the Enterprise Resource Planning "ERP" system implementation had on production.

Gross profit margin in the quarter was 26.6%, down from 36.1% in the comparable quarter in 2024. The year-over-year contraction in gross profit margin was primarily a result of lower production volumes at the AAON Oklahoma segment, and operational inefficiencies caused by the ERP implementation at the AAON Coil Products segment.

SG&A expenses in the quarter increased to $59.1 million or 19.0% of sales compared to $45.9 million or 14.6% of sales in the second quarter of 2024. We have made investments in both people and technology to help build out our organizational capacity for future growth. This is seen in our increases for salaries and benefits, depreciation and amortization and consulting fees related to our ERP implementation. We also incurred one-time expenses totaling $3.4 million, related to a incentive fee associated with our Memphis, Tenn. facility.

Earnings per diluted share were $0.19, down year-over-year 69.4%. Non-GAAP adjusted diluted earnings per share were $0.22, down year-over-year 64.5%.

“Our second quarter results fell short of our expectations and do not reflect the high standards we set for ourselves as an organization,” said CEO Matt Tobolski. “We strive to be a best-in-class operator and these results do not reflect that. The underperformance was primarily driven by poor operational execution, mainly associated with the implementation of our new ERP system at our Longview, Tex. facility. The April go-live of the new system directly impacted production of both finished products and coils at Longview. Since Longview supplies coils to our Tulsa, Okla. facility, this also limited Tulsa’s expected production ramp. We are taking immediate and targeted actions to address these issues, strengthen execution, and ensure we are better positioned to deliver consistent results in the future. I want to emphasize that our investment in the ERP system is critical to the company’s long-term success and future growth. While the implementation has presented short-term challenges, we remain fully committed to this investment and confident in the long-term value it will bring to our operations. We are equally committed to transparency and intend to provide clear, timely updates—especially in the near term—as we communicate our expectations and track our progress.”

Tobolski continued, “We have begun to make significant improvements at both Tulsa and Longview. Despite the challenges at Tulsa, we have seen steady month-to-month improvement since April, culminating in July—our strongest production month of the year. Production rates for our Tulsa facility are nearing pre–Q4 2024 levels. With production improving and a strong backlog in hand, we anticipate a strong second half of the year for the AAON Oklahoma segment. At Longview, while the challenges have been more pronounced, we have also made significant improvement. By the end of July, production rates for AAON-branded equipment—the division most impacted at the facility—had risen approximately 30% from earl April, with further gains into early August. Production of BASX-branded equipment at Longview has been minimally impacted, supported by the consistency of a large, uniform

order on hand. Similar to Tulsa, given the large backlog for both AAON- and BASX-branded equipment, we anticipate sequential improvement throughout the second half of the year."

Tobolski concluded, "While the ERP implementation has led to temporary disruptions, the core fundamentals of the business remain sound. Bookings and backlog trends for both AAON-branded and BASX-branded equipment continued to grow throughout the second quarter, reinforcing our confidence in the brands and the custom engineered solutions we deliver. Demand from the data center market remains exceptionally strong, fueling BASX-branded orders, and despite a soft traditional nonresidential market, AAON-branded orders grew by double digits in the second quarter. Notably, our national accounts strategy has gained significant traction, with growth from these customers leading all AAON-branded order activity. To sustain this momentum and best serve our customers, our top priority is increasing production across our Tulsa, Longview, and Memphis facilities by enhancing operational execution and mitigating the impact of any remaining inefficiencies related to the ERP implementation. We are already on the right path and expect production to increase significantly from second-quarter levels at all three of these sites over the second half of the year. That said, while we are encouraged by recent improvements, we are revising our previous expectations downward for the second half of the year, as reflected in our updated full-year 2025 outlook. This adjustment is largely due to ongoing, though improving, inefficiencies at our Longview facility, as well as moderated—but accelerating—production levels in Tulsa, following slower-than-expected run rates at the start of the third quarter. In closing, while recent performance has not met our standards, these challenges are temporary. Backed by strong fundamentals, a defined path to operational excellence, and accelerating demand for our differentiated solutions, we are firmly confident in the business's sustained long-term growth."

Segment Results
AAON Oklahoma

AAON Oklahoma had net sales of $185.1 million, a decrease of 18.0% compared to the same period in the prior year. This decrease was driven by lingering supply chain issues from the refrigerant transition at the beginning of the quarter and coil supply shortages in the end of the quarter due to our ERP implementation at our Longview, Texas facility which slowed production of coils made for our Tulsa plant. Despite these challenges, production has steadily improved month-over-month since March, demonstrated by the sequential increase in this segments's gross profit margin.

Gross margin contracted 970 basis points to 27.5%, from 37.2% in the second quarter of 2024. AAON Oklahoma's decrease in gross profit is primarily driven by the lower volumes discussed above that resulted in sub optimal overhead absorption. Additionally, our new plant in Memphis contributed $3.0 million in cost of sales with minimal

net sales to offset this cost.

AAON Coil Products

AAON Coil Products had a challenging quarter. While sales grew year-over-year 86.4%, this was primarily driven by growth in BASX branded products of $40.1 million for a large liquid cooling data center. AAON branded products declined $13.0 million due to disruptions caused by the change in ERP systems.

Gross margin contracted 1,990 basis points year-over-year to 22.0%. The margin contraction is a result of production inefficiencies from implementing our ERP system at the beginning of the second quarter of 2025.

BASX

Net sales for the second quarter of 2025 increased 20.4% to $68.0 million, from $56.5 million in the second quarter of 2024. Stronger demand for data center equipment was the primary driver of the year-over-year increase, as the data center market continues to demonstrate exceptional strength.

BASX gross profit margin of 27.9% is slightly down year over year due to higher indirect costs for warehouse personnel offset by slightly lower cost of materials. However, this quarter marked the second straight quarter of sequential improvement in gross profit margin, reflecting continued operational improvements since we initiated targeted efforts late last year.

Balance Sheet & Cash Flow

As of June 30, 2025, the company had cash, cash equivalents and restricted cash of $1.3 million and a balance on its revolving credit facility of $317.3 million. Rebecca Thompson, CFO and Treasurer, commented, “During the quarter, we closed on our new $500.0 million credit facility, giving us the liquidity needed for continued investments in our growth. We remain unchanged in our capital expenditure plans to invest $220.0 million in 2025.”

Backlog

Total backlog increased year-over-year 71.9% to $1,117.6 million, and 8.8% quarter-over-quarter. AAON-branded equipment backlog rose 93.4% compared to the same quarter last year and 22.4% quarter-over-quarter, indicating sustained growth in order activity. Despite weakness in the nonresidential construction market, the significant growth in our AAON-branded equipment backlog indicates we are gaining substantial market share. The adjusted BASX-branded backlog grew 58.0% from a year ago and was flat quarter-over-quarter. Demand from data center

customers remains exceptionally strong. Our continued backlog growth and order activity of this equipment indicate we are capturing meaningful market share as customers prioritize performance, efficiency, and reliability in their infrastructure expansions.

Full-Year 2025 Outlook

Conference Call

The company will host a conference call and webcast this morning at 9:00 a.m. EDT to discuss the second quarter of 2025 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/QbZGYL16oqm**. 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 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. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in any forward-looking statements, see “Risk Factors” and “Forward Looking Statements” in AAON’s Annual Report on Form 10-K for the most recent fiscal year, as may be revised and updated by AAON’s Quarterly Reports on Form 10-Q, and AAON’s Current Reports on Form 8-K.

Contact Information

Joseph Mondillo
Director of Investor Relations & Corporate Strategy
Phone: (617) 877-6346
Email: **joseph.mondillo@aaon.com**

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