NEWS RELEASE

# AAON Reports Strong Third Quarter 2025 Results Driven by Operational Improvements and Share Gains

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Q3 Highlights
(All comparisons are year-over-year, unless otherwise noted)

- Operations improved sequentially, driven by continued demand, improved ERP efficiency and increased production throughput
  - Net sales up 17.4% to $384.2 million
  - GAAP diluted EPS of $0.37 down year-over-year 41.3%, up sequentially 94.7%
- Robust bookings trends of both AAON- and BASX-branded equipment point to continuing market share gains
  - Record backlog of $1.32 billion up year-over-year 103.8% and up sequentially 18.1%

TULSA, Okla., November 6, 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 third quarter of 2025.

The quarter demonstrated robust underlying demand across both AAON and BASX brands. Total backlog reached a record $1.32 billion, up 103.8% year-over-year and 18.1% sequentially, with particularly solid momentum in data center applications. National account bookings increased 96% in the quarter and 92% year-to-date, reflecting continued market share gains despite softness in the broader nonresidential.

Third Quarter 2025 Results

BASX-branded sales rose 95.8% to $124.8 million, driven primarily by increased demand of liquid cooling equipment for data center applications. AAON-branded sales decreased year-over-year 1.5% to $259.5 million, but rose 28.1% sequentially, reflecting steady production momentum at the Tulsa, Oklahoma, facility. Bookings for both brands remained solid, led by the BASX brand, which saw a 119.5% increase in backlog. AAON-branded bookings were roughly flat with the prior-year period.

Gross profit margin in the quarter was 27.8%, down from 34.9% in the prior-year period but up sequentially from 26.6%. The year-over-year contraction primarily reflected operational inefficiencies associated with the Enterprise Resource Planning ("ERP") system implementation and unabsorbed fixed costs at the new Memphis facility. Sequential improvement in gross margin was driven by higher production volumes at the AAON Oklahoma and AAON Coil Products segments and continued progress in optimizing use of the new ERP system.

Earnings per diluted share were $0.37, down year-over-year 41.3%, but up sequentially by 94.7%.

“Our third quarter results demonstrate the enduring demand for our products and reflect continued share gains, margin improvement and steady progress toward our operational goals, with notable sequential improvement in several key areas,” said AAON President and CEO Matt Tobolski. “Most notably, we achieved significant gains in production throughput at our Longview, Texas, facility, reflecting continued progress implementing our new ERP system. Production of AAON-branded equipment at the Longview facility improved each month during the quarter, reaching 90% of target in September and exceeding that level in October. Operational gains at both facilities contributed to an 28.1% increase in AAON-branded equipment sales from the prior quarter.

“We are also making tremendous progress with our BASX brand as we broaden our reach in the data center market and continue to deliver industry-leading air-side and liquid cooling solutions. Production of liquid cooling equipment has increased substantially since earlier in the year. We’re optimizing operations in Redmond, Oregon, and continue to invest in expanding production at our new Memphis, Tennessee, facility to support the significant growth and margin expansion potential for our data center cooling products. We remain on track to add substantial production capacity by year-end, ensuring we can meet growing customer demand and continue driving operational excellence.

“As we enter the last quarter of the year, we remain confident in the progress we are making and the momentum we have built. Backlogs for both brands remain strong, bookings continue to trend positively, and we are making steady strides in expanding production capacity. In addition, we are achieving substantial gains in ERP system integration and have a clear path for continued operational excellence and growth as we further scale production and complete future ERP rollouts. Collectively, these initiatives are enhancing the strength of the Company, driving higher operational efficiency, and positioning us to capture additional growth.”

Segment Results

AAON Oklahoma

Net sales for the AAON Oklahoma segment totaled $238.7 million, a 4.3% increase year-over-year, reflecting a larger starting backlog and enhanced production throughput that supported higher backlog conversion. With minimal external challenges during the quarter, the team was able to focus on hiring, training, and increasing production output.

Gross margin at the segment was 31.5%, down from 36.8% in the third quarter of 2024, but up 400 basis points from the prior quarter. The year-over-year decrease was primarily driven by incremental overhead expenses of $4.5 million related to our new plant in Memphis, as well as a temporary mismatch in timing between higher material costs associated with tariffs and the benefit from our 6% tariff surcharge, which has not yet been realized.

AAON Coil Products

Net sales for the AAON Coil Products segment totaled $70.2 million, up 99.4% compared to the same period last year. The year-over-year increase was fully driven by $46.5 million in BASX-branded liquid cooling product sales, a category that was not in production during the prior-year period. AAON-branded products declined $10.9 million due to disruptions related to the ERP system transition. However, these disruptions were much less compared to the prior quarter, reflecting improved utilization of the new ERP system and a 36.2% sequential increase in AAON-branded sales.

Gross margin at the segment was 16.1%, down year-over-year from 35.3% and sequentially from 22.0%. Despite the sequential improvement in throughput, gross margin declined sequentially, reflecting several discrete items that collectively impacted gross margin by approximately 1,050 basis points. We expect these challenges to be resolved as we continue making progress with our ERP implementation, and over time we expect this segment to deliver gross margin of around 30% based on the strength of pricing within backlog.

BASX

Net sales for the BASX segment increased 19.2% to $75.2 million, up from $63.1 million in the prior-year period. 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. Initial production from our new Memphis facility played a key role in driving growth.

Gross margin at the segment was 27.0%, down from 27.9% in the prior-year period. The modest year-over-year contraction primarily reflects higher indirect warehouse personnel costs associated with operating the Redmond, Oregon, facility near full capacity. Optimization efforts at this facility remain a focus and are expected to accelerate as the Memphis facility continues to ramp up.

**Balance Sheet & Cash Flow**

As of September 30, 2025, the company had cash, cash equivalents and restricted cash of $2.3 million and a balance on its revolving credit facility of $360.1 million. Rebecca Thompson, AAON CFO and Treasurer, commented, “Overall, our financial position remains strong. We anticipate cash flow from operations will turn significantly positive in the fourth quarter as working capital becomes a source of cash, reflecting payments received on a large order that was recently delivered. This gives us flexibility to continue to focus on our investment in growth for the future with capital expenditure plans of $180.0 million in 2025.”

**Backlog**

Total backlog increased year-over-year 103.8% to $1,320.1 million, and 18.1% quarter-over-quarter. BASX-branded backlog drove the growth, increasing 119.5% from a year ago and 43.9% from the previous quarter. Our growing backlog and robust order activity demonstrate that we are capturing meaningful market share as customers prioritize high-performance, efficient, and reliable infrastructure. A meaningful part of the BASX-branded backlog is slated for production at the Memphis facility, which will support a steady ramp in production next year. AAON-branded equipment backlog increased 77.1% year-over-year but declined sequentially by 14.3%, reflecting the impressive increase in production output. Despite softness in the nonresidential construction market, bookings for the quarter remained strong and roughly flat compared to the prior-year period, indicating that we are continuing to gain meaningful market share.

2025 Outlook

Conference Call

The company will host a conference call and webcast this morning at 9:00 a.m. EST to discuss the third 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 1-888-880-3330. To access the listen-only webcast, please register at **https://app.webinar.net/VPoq6npx4e2**. 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.

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