

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 0-18953

AAON, INC.

(Exact name of registrant as specified in its
charter)

Nevada	87-0448736
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
2425 South Yukon Ave., Tulsa, Oklahoma 74107	
(Address of principal executive offices) (Zip Code)	
<u>(918) 583-2266</u>	
(Registrant's telephone number, including area code)	

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.004 par value per share	AAON	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "small reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of August 7, 2025, registrant had outstanding a total of 81,530,676 shares of its \$.004 par value Common Stock.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

AAON, Inc. and Subsidiaries Consolidated Balance Sheets (Unaudited)

	June 30, 2025	December 31, 2024
	<i>(in thousands, except share and per share data)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 14	\$ 14
Restricted cash	1,307	6,500
Accounts receivable, net	170,573	147,434
Income tax receivable	7,302	4,115
Inventories, net	234,980	187,420
Contract assets, net	233,184	135,421
Prepaid expenses and other	6,791	7,308
Total current assets	654,151	488,212
Property, plant and equipment, net	559,479	510,356
Intangible assets, net and goodwill	162,307	160,152
Right of use assets	17,795	15,436
Deferred tax assets	3,259	836
Other long-term assets	2,422	242
Total assets	<u>\$ 1,399,413</u>	<u>\$ 1,175,234</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Debt, short-term	\$ —	\$ 16,000
Accounts payable	81,642	44,645
Accrued liabilities	95,332	99,347
Contract liabilities	33,752	14,913
Total current liabilities	210,726	174,905
Debt, long-term	317,277	138,891
Other long-term liabilities	22,471	20,743
New markets tax credit obligations ¹	16,193	16,113
Commitments and contingencies (Note 19)		
Stockholders' equity:		
Preferred stock, \$.001 par value, 5,000,000 shares authorized, no shares issued	—	—
Common stock, \$.004 par value, 200,000,000 shares authorized, 81,509,387 and 81,436,594 issued and outstanding at June 30, 2025 and December 31, 2024, respectively	326	326
Additional paid-in capital	48,607	68,946
Retained earnings	783,813	755,310
Total stockholders' equity	832,746	824,582
Total liabilities and stockholders' equity	<u>\$ 1,399,413</u>	<u>\$ 1,175,234</u>
¹ Held by variable interest entities (Note 18)		

The accompanying notes are an integral part of these consolidated financial statements.

AAON, Inc. and Subsidiaries
Consolidated Statements of Income
(Unaudited)

**Three Months Ended
June 30,**

**Six Months Ended
June 30,**

2025

2024

2025

2024

(in thousands, except share and per share data)

Net sales	\$ 311,567	\$ 313,566	\$ 633,621	\$ 575,665
Cost of sales	228,838	200,472	464,528	370,329
Gross profit	82,729	113,094	169,093	205,336
Selling, general and administrative expenses	59,147	45,895	110,440	91,183
Gain on disposal of assets	—	—	(40)	(16)
Income from operations	23,582	67,199	58,693	114,169
Interest expense, net	(4,009)	(367)	(6,811)	(606)
Other income, net	(68)	175	106	252
Income before taxes	19,505	67,007	51,988	113,815
Income tax provision	4,018	14,779	7,209	22,571
Net income	<u>\$ 15,487</u>	<u>\$ 52,228</u>	<u>\$ 44,779</u>	<u>\$ 91,244</u>
Earnings per share:				
Basic	<u>\$ 0.19</u>	<u>\$ 0.64</u>	<u>\$ 0.55</u>	<u>\$ 1.12</u>
Diluted	<u>\$ 0.19</u>	<u>\$ 0.62</u>	<u>\$ 0.54</u>	<u>\$ 1.09</u>
Cash dividends declared per common share:	<u>\$ 0.10</u>	<u>\$ 0.08</u>	<u>\$ 0.20</u>	<u>\$ 0.16</u>
Weighted average shares outstanding:				
Basic	<u>81,441,511</u>	<u>81,791,792</u>	<u>81,456,845</u>	<u>81,339,153</u>
Diluted	<u>82,956,213</u>	<u>83,786,222</u>	<u>83,153,788</u>	<u>83,527,717</u>

The accompanying notes are an integral part of these consolidated financial statements.

AAON, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(Unaudited)

Six Months Ended June 30, 2025					
	Common Stock		Paid-in	Retained	
	Shares	Amount	Capital	Earnings	Total
			<i>(in thousands)</i>		
Balances at December 31, 2024	81,437	\$ 326	\$ 68,946	\$ 755,310	\$ 824,582
Net income	—	—	—	44,779	44,779
Stock options exercised and restricted stock awards granted	535	2	10,023	—	10,025
Share-based compensation	—	—	8,795	—	8,795
Stock repurchased and retired	(463)	(2)	(39,157)	—	(39,159)
Dividends	—	—	—	(16,276)	(16,276)
Balances at June 30, 2025	<u>81,509</u>	<u>\$ 326</u>	<u>\$ 48,607</u>	<u>\$ 783,813</u>	<u>\$ 832,746</u>
Six Months Ended June 30, 2024					
	Common Stock		Paid-in	Retained	
	Shares	Amount	Capital	Earnings	Total
			<i>(in thousands)</i>		
Balances at December 31, 2023	81,508	\$ 326	\$ 122,063	\$ 612,835	\$ 735,224
Net income	—	—	—	91,244	91,244
Stock options exercised and restricted stock awards granted	595	3	15,818	—	15,821
Contingent shares issued (Note 17)	243	1	6,363	—	6,364
Share-based compensation	—	—	8,451	—	8,451
Stock repurchased and retired	(1,395)	(6)	(103,521)	—	(103,527)
Dividends	—	—	—	(13,079)	(13,079)
Balances at June 30, 2024	<u>80,951</u>	<u>\$ 324</u>	<u>\$ 49,174</u>	<u>\$ 691,000</u>	<u>\$ 740,498</u>
Three Months Ended June 30, 2025					
	Common Stock		Paid-in	Retained	
	Shares	Amount	Capital	Earnings	Total
			<i>(in thousands)</i>		
Balances at March 31, 2025	81,348	\$ 325	\$ 39,020	\$ 776,507	\$ 815,852
Net income	—	—	—	15,487	15,487
Stock options exercised and restricted stock awards granted	170	1	5,668	—	5,669
Share-based compensation	—	—	4,774	—	4,774
Stock repurchased and retired	(9)	—	(855)	—	(855)
Dividends	—	—	—	(8,181)	(8,181)
Balances at June 30, 2025	<u>81,509</u>	<u>\$ 326</u>	<u>\$ 48,607</u>	<u>\$ 783,813</u>	<u>\$ 832,746</u>
Three Months Ended June 30, 2024					
	Common Stock		Paid-in	Retained	
	Shares	Amount	Capital	Earnings	Total
			<i>(in thousands)</i>		
Balances at March 31, 2024	82,118	\$ 329	\$ 139,184	\$ 645,295	\$ 784,808
Net income	—	—	—	52,228	52,228
Stock options exercised and restricted stock awards granted	192	1	5,976	—	5,977
Share-based compensation	—	—	4,494	—	4,494
Stock repurchased and retired	(1,359)	(6)	(100,480)	—	(100,486)
Dividends	—	—	—	(6,523)	(6,523)
Balances at June 30, 2024	<u>80,951</u>	<u>\$ 324</u>	<u>\$ 49,174</u>	<u>\$ 691,000</u>	<u>\$ 740,498</u>

The accompanying notes are an integral part of these consolidated financial statements.

AAON, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
	2025	2024
Operating Activities	<i>(in thousands)</i>	
Net income	\$ 44,779	\$ 91,244
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	38,879	27,923
Amortization of debt issuance costs	128	71
Amortization of right of use assets	69	73
Provision for credit losses on accounts receivable, net of adjustments	270	1,169
Provision for excess and obsolete inventories, net of write-offs	288	641
Provision for credit losses on contract assets, net of adjustments	200	—
Share-based compensation	8,795	8,451
Other	(71)	(10)
Deferred income taxes	(2,423)	41
Changes in assets and liabilities:		
Accounts receivable	(23,409)	(12,210)
Income taxes	(3,187)	(6,139)
Inventories	(47,848)	29,903
Contract assets	(97,963)	(22,977)
Prepaid expenses and other long-term assets	(68)	(2,708)
Accounts payable	36,397	(1,804)
Contract liabilities	18,839	13,105
Extended warranties	(148)	1,195
Accrued liabilities and other long-term liabilities	(4,567)	(56)
Net cash (used in) provided by operating activities	<u>(31,040)</u>	<u>127,912</u>
Investing Activities		
Capital expenditures	(82,515)	(65,381)
Proceeds from sale of property, plant and equipment	40	16
Acquisition of intangible assets	(7,042)	(10,058)
Principal payments from note receivable	25	26
Net cash used in investing activities	<u>(89,492)</u>	<u>(75,397)</u>
Financing Activities		
Borrowings of debt	415,126	272,526
Payments of debt	(252,982)	(224,970)
Proceeds from financing obligation, net of issuance costs	—	4,186
Payment related to financing costs	(1,395)	(417)
Stock options exercised	10,025	15,821
Repurchases of stock - open market	(29,992)	(100,034)
Repurchases of stock - LTIP plans (Note 17)	(9,167)	(3,493)
Cash dividends paid to stockholders	(16,276)	(13,079)
Net cash provided by (used in) financing activities	<u>115,339</u>	<u>(49,460)</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	<u>(5,193)</u>	<u>3,055</u>
Cash, cash equivalents and restricted cash, beginning of period	<u>6,514</u>	<u>9,023</u>
Cash, cash equivalents and restricted cash, end of period	<u><u>\$ 1,321</u></u>	<u><u>\$ 12,078</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

AAON, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
(Unaudited)

1. General

Basis of Presentation

AAON, Inc. is a Nevada corporation which was incorporated on August 18, 1987. Our operating subsidiaries include AAON, Inc. ("AAON Oklahoma"), an Oklahoma corporation, AAON Coil Products, Inc. ("AAON Coil Products"), a Texas corporation, and BASX, Inc. ("BASX") an Oregon corporation (collectively, the "Company"). The accompanying unaudited consolidated financial statements of AAON, Inc. and our operating subsidiaries, all of which are wholly-owned, have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the rules and regulations of the Securities and Exchange Commission ("SEC").

Our financial statements consolidate all of our affiliated entities in which we have a controlling financial interest. Because we hold certain rights that give us the power to direct the activities of eight variable interest entities ("VIEs") (Note 18) that most significantly impact the VIEs economic performance, combined with a variable interest that gives us the right to receive potentially significant benefits or the obligation to absorb potentially significant losses, we have a controlling financial interest in those VIEs.

These financial statements have not been audited by the Company's independent registered public accounting firm, except that the consolidated balance sheet at December 31, 2024 is derived from audited consolidated financial statements. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. The financial statements reflect all adjustments (all of which are of a normal recurring nature) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. Interim results are not necessarily indicative of the results that may be expected for a full year. Certain disclosures have been condensed in or omitted from these consolidated financial statements. The accompanying unaudited financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. All intercompany balances and transactions have been eliminated in consolidation.

We are engaged in the engineering, manufacturing, marketing, and sale of premium air conditioning and heating equipment consisting of standard, semi-custom, and custom rooftop units, data centers cooling solutions, cleanroom systems, packaged outdoor mechanical rooms, air handling units, makeup air units, energy recovery units, condensing units, geothermal/water-source heat pumps, coils, and controls.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Because these estimates and assumptions require significant judgment, actual results could differ from those estimates and could have a significant impact on our results of operations, financial position, and cash flows. We reevaluate our estimates and assumptions as needed, but at a minimum on a quarterly basis. The most significant estimates include, but are not limited to, inventory valuation, inventory reserves, warranty accrual, income taxes, useful lives of property, plant, and equipment, estimated future use of leased property, share-based compensation, revenue percentage of completion and estimated costs to complete. Actual results could differ materially from those estimates.

Macroeconomic Conditions

Beginning in January 2025, the current United States ("U.S.") Administration began enacting a series of tariffs affecting nearly all goods imported into the U.S. In retaliation, numerous foreign countries imposed reciprocal tariffs and restricted certain exports to the U.S. The continuous changes and uncertainty in tariff policy could impact our cost of materials, parts, or components imported into the U.S. and could impact the availability of supply from our vendors. We source raw materials domestically, but historically have seen those suppliers increase prices when tariffs are increased. Additionally, while we source most components domestically, our vendors may be impacted by tariffs if they use foreign parts and materials and often pass any additional costs as a result of tariffs through to us. We expect to continue to pass along some of these costs to our customers, but the increased price of our products could adversely affect the demand, which could have an adverse effect on our business and our earnings.

Due to our favorable liquidity position, we are well positioned to make strategic purchases of materials when we see opportunities or potential disruptions in our supply chain. We have experienced supply chain challenges related to specific manufacturing parts, which could be exacerbated by the trade conflict. We manage our supply chain challenges through strong vendor relationships as well as expanding our list of available vendors.

Additionally, we continue to experience challenges in a tight labor market, especially the hiring of both skilled and unskilled production labor. We continue to implement human resource initiatives to retain and attract labor to further increase production capacity. We have implemented the following wage increases to remain competitive and to attract and retain employees:

- In March 2024, we awarded annual merit raises for an overall 3.3% increase to wages.
- In March 2025, we awarded annual merit raises for an overall 4.0% increase to wages.

Despite efforts to mitigate the potential business impacts of trade conflict, supply chain challenges, and a tight labor market, future increases in the cost of materials, parts, components, or labor, in addition to supply chain disruptions, while temporary, could negatively impact our consolidated financial position, results of operations, and cash flows.

Accounting Policies

A comprehensive discussion of our critical accounting policies and management estimates is included in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2024.

Fair Value Measurements

The carrying amounts of cash and cash equivalents, receivables, accounts payable, and accrued liabilities approximate fair value because of the short-term maturity of the items. The carrying amount of the Company's debt, and other payables, approximate their fair values either due to their short-term nature, the variable rates associated with the debt or based on current rates offered to the Company for debt with similar characteristics.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Fair value is based upon assumptions that market participants would use when pricing an asset or liability. We use the following fair value hierarchy, which prioritizes valuation technique inputs used to measure fair value into three broad levels:

- Level 1: Quoted prices in active markets for identical assets and liabilities that we have the ability to access at the measurement date.
- Level 2: Inputs (other than quoted prices included within Level 1) that are either directly or indirectly observable for the asset or liability, including (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for identical or similar assets or liabilities in inactive markets, (iii) inputs other than quoted prices that are observable for the asset or liability, and (iv) inputs that are derived from observable market data by correlation or other means.
- Level 3: Unobservable inputs for the asset or liability including situations where there is little, if any, market activity for the asset or liability. Items categorized in Level 3 include the estimated fair values of intangible assets, contingent consideration, and goodwill acquired in a business combination.

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). In some cases, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to a fair value measurement requires judgment, considering factors specific to the asset or liability.

Software Development Costs

We capitalize costs incurred to purchase or develop software for internal use. Internal-use software development costs are capitalized during the application development stage. These capitalized costs are reflected in intangible assets, net and goodwill on the consolidated balance sheets and are amortized over the estimated useful life of the software. The useful life of our internal-use software development costs is generally one to ten years.

Definite-Lived Intangible Assets

Our definite-lived intangible assets include customer relationships, internal-use software and other intellectual property acquired in business combinations or asset acquisition. We amortize our definite-lived intangible assets on a straight-line basis over the estimated useful lives of the assets. We evaluate the carrying value of our amortizable intangible assets for potential

impairment when events and circumstances warrant such a review.

Amortization is computed using the straight-line method over the following estimated useful lives:

Intellectual property	6 - 30 years
Customer relationships	14 years

Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the excess of the consideration paid for the acquired businesses over the fair value of the individual assets acquired, net of liabilities assumed. Goodwill at June 30, 2025, is expected to be tax deductible in future periods. Indefinite-lived intangible assets consist of trademarks and trade names. Goodwill and indefinite-lived intangible assets are not amortized, but instead are evaluated for impairment at least annually. We perform our annual assessment of impairment during the fourth quarter of our fiscal year, and more frequently if circumstances warrant.

Recent Accounting Pronouncements

Changes to U.S. GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of Accounting Standards Updates ("ASUs") to the FASB's Accounting Standards Codification ("ASC"). We consider the applicability and impact of all ASUs. ASUs not listed or included within the Company's Annual Report on Form 10-K for the year ended December 31, 2024, were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial statements and notes thereto.

2. Revenue Recognition

The following tables show disaggregated net sales by reportable segment (Note 21) by major source, net of intercompany sales eliminations.

Segment	Brands Produced	Brand Products
AAON Oklahoma	AAON	Rooftop units and aftermarket parts
AAON Coil Products	AAON / BASX	Condensing units, air handling products, data center cooling solutions, and geothermal/water-source heat pumps
BASX	BASX	Data center cooling solutions, cleanroom products, and air handling products

Three Months Ended June 30, 2025

	AAON Oklahoma	AAON Coil Products	BASX	Total
	<i>(in thousands)</i>			
AAON Products	\$ 185,120	\$ 17,405	\$ —	\$ 202,525
BASX Products	—	41,060	67,982	109,042
Total	<u>185,120</u>	<u>58,465</u>	<u>67,982</u>	<u>\$ 311,567</u>

Three Months Ended June 30, 2024

	AAON Oklahoma	AAON Coil Products	BASX	Total
	<i>(in thousands)</i>			
AAON Products	\$ 225,727	\$ 30,447	\$ —	\$ 256,174
BASX Products	—	926	56,466	57,392
Total	<u>\$ 225,727</u>	<u>\$ 31,373</u>	<u>\$ 56,466</u>	<u>\$ 313,566</u>

Six Months Ended June 30, 2025

	AAON Oklahoma	AAON Coil Products	BASX	Total
	<i>(in thousands)</i>			
AAON Products	\$ 346,958	\$ 45,060	\$ —	\$ 392,018
BASX Products	—	107,428	134,175	241,603
Total	<u>\$ 346,958</u>	<u>\$ 152,488</u>	<u>\$ 134,175</u>	<u>\$ 633,621</u>

Six Months Ended June 30, 2024

	AAON Oklahoma	AAON Coil Products	BASX	Total
	<i>(in thousands)</i>			
AAON Products	\$ 435,867	\$ 54,488	\$ —	\$ 490,355
BASX Products	—	1,132	84,178	85,310
Total	<u>\$ 435,867</u>	<u>\$ 55,620</u>	<u>\$ 84,178</u>	<u>\$ 575,665</u>

Aftermarket part sales (included in the AAON Product sales above) were \$20.7 million and \$18.9 million for the three months ended June 30, 2025 and 2024, respectively, and \$35.9 million and \$34.5 million for the six months ended June 30, 2025 and 2024, respectively.

The Company recognizes revenue, presented net of sales tax, when it satisfies the performance obligation in its contracts. For certain manufactured equipment contracts and parts sales, the primary performance obligation in such a contract is delivery of the requested manufactured equipment. We satisfy the performance obligation when the control is passed to the customer, generally at time of shipment. Final sales prices are fixed based on purchase orders. Sales allowances and customer incentives are treated as reductions to sales and are provided for based on historical experiences and current estimates.

Due to the highly customized nature of many of the Company's products and each product not having an alternative use to the Company without significant costs to the Company, the Company recognizes revenue over time as progress is made toward satisfying the performance obligations of each contract. The Company has formal cancellation policies and generally does not accept returns on these units. As a result, many of the Company's products do not have an alternative use and have an enforceable right to payment, including a reasonable profit margin, and therefore, for these products, we recognize revenue over the time it takes to produce the unit.

Contract costs include direct materials, direct labor, installation, freight and delivery, commissions and royalties. Other costs not related to contract performance, such as indirect labor and materials, small tools and supplies, operating expenses, field rework and back charges are charged to expense as incurred. Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are estimated and recognized by the Company throughout the life of the contract. The aggregate of costs incurred and income recognized on uncompleted contracts in excess of billings is shown as a contract asset within our consolidated balance sheets, and the aggregate of billings on uncompleted contracts in excess of related costs incurred and income recognized is shown as a contract liability within our consolidated balance sheets.

Historically, sales of our AAON products are moderately seasonal with the peak period being May-October of each year due to timing of construction projects being directly related to warmer weather.

Product Warranties

A provision is made for the estimated cost of maintaining product warranties to customers at the time the product is sold based upon historical claims experience by product line. The Company records a liability and an expense for estimated future warranty claims based upon historical experience and management's estimate of the level of future claims. Changes in the estimated amounts recognized in prior years are recorded as an adjustment to the liability and expense in the current year.

The Company also sells extended warranties on parts for various lengths of time ranging from six months to 10 years. Revenue for these separately priced warranties is deferred and recognized on a straight-line basis over the separately priced warranty period.

Representatives and Third Party Products

We are responsible for billings and collections resulting from all sales transactions, including those initiated by our independent manufacturer representatives ("Representatives"). Representatives are national companies that are in the business of providing heating, ventilation, and air conditioning ("HVAC") units and other related products and services to customers. The end user customer orders a bundled group of products and services from the Representative and expects the Representative to fulfill the order. These other related products and services may include controls purchased from another manufacturer to operate the unit, start-up services, and curbs for supporting the unit ("Third Party Products"). All are associated with the purchase of an HVAC unit but may be provided by the Representative or another third party. Only after the specifications are agreed to by the Representative and the customer, and the decision is made to use an AAON HVAC unit, will we receive notice of the order. We establish the amount we must receive for our HVAC unit ("minimum sales price"), but do not control the total order price that is negotiated by the Representative with the end user customer. The Representatives submit the total order price to us for invoicing and collection. The total order price includes our minimum sales price and an additional amount which may include both the Representatives' fee and amounts due for additional products and services required by the customer. The Company is considered the principal for the equipment we design and manufacture and records that revenue gross. The Company has no control over the Third Party Products to the end customer and the Company is under no obligation related to the Third Party Products. Amounts related to Third Party Products are not recognized as revenue but are recorded as a liability and are included in accrued liabilities on the consolidated balance sheets.

The Representatives' fee and Third Party Products amounts ("Due to Representatives") are paid only after all amounts associated with the order are collected from the customer. The amount of payments to our Representatives were \$12.0 million and \$10.2 million for the three months ended June 30, 2025 and 2024, respectively, and \$24.7 million and \$21.0 million for the six months ended June 30, 2025 and 2024, respectively.

3. Contract Assets and Liabilities

Opening and closing balances of contract assets and contract liabilities are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024	December 31, 2023
	<i>(in thousands)</i>		<i>(in thousands)</i>	
Contract assets	\$ 233,783	\$ 135,820	\$ 68,171	\$ 45,194
Less: Allowance for credit losses	599	399	—	—
Contract assets, net	233,184	135,421	68,171	45,194
Contract liabilities	(33,752)	(14,913)	(26,862)	(13,757)
Total, net	<u>\$ 199,432</u>	<u>\$ 120,508</u>	<u>\$ 41,309</u>	<u>\$ 31,437</u>

Costs and estimated earnings on uncompleted contracts and related billings are as follows:

	June 30, 2025	June 30, 2024
	<i>(in thousands)</i>	
Costs incurred on uncompleted contracts	\$ 162,227	\$ 118,691
Estimated earnings	136,447	90,774
Total	298,674	209,465
Less: Contract billings to date	106,838	168,920
Less: Allowance for credit losses	599	—
Plus: Completed contracts, unbilled	8,195	764
Total, net	<u>\$ 199,432</u>	<u>\$ 41,309</u>

Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period for the six months ended June 30, 2025 and 2024 was \$5.9 million and \$11.5 million, respectively. Typically, we expect to satisfy performance obligations relating to uncompleted in-process contracts within one year or less, however, timing of performance obligations can vary due to timing of payment, production scheduling and timing of customer installation requirements. Increases in contract assets are mainly due to the increased production and increased demand of our BASX branded products.

4. Leases

The Company has lease arrangements for certain administrative, manufacturing and warehousing facilities and equipment. Lease expiration dates, including expected renewal options, range from October 2025 to November 2033, with the weighted average remaining term being 6.5 years. The discount rates used to calculate the present value of lease payment range from 1.3% to 5.9% as of June 30, 2025. All leases are classified as operating leases.

	Balance Sheet Classification	June 30, 2025	December 31, 2024
		<i>(in thousands)</i>	
Right of use assets	Right of use assets	\$ 17,795	\$ 15,436
Current lease liability	Accrued liabilities	2,854	2,481
Noncurrent lease liability	Other long-term liabilities	15,647	13,592

Since 2018, the Company has leased the manufacturing, engineering and office space used by our operations in Parkville, Missouri. The leases original term was through December 2032. In May 2025, the Company added approximately 17,000 additional square feet and extended the lease term through April 2033. Additionally, in May 2025, the Company added

approximately 22,300 sq feet with a lease term through April 2030. The Company's total leased space in Parkville, Missouri is approximately 125,300 sq feet.

In November 2022, the Company entered into a lease arrangement for additional storage facilities in Tulsa, Oklahoma to support our operations. The lease added an additional 198,000 square feet to our operations. In January 2024, we amended the lease for an additional 157,550 square feet for operations and parts distribution. The amended lease term will expire January 2039.

In July 2023, the Company entered into a lease agreement with a start date of September 2023, for land and approximately 72,000 square feet of facilities in Redmond, Oregon to support our manufacturing operations. The lease term will expire November 2033 with additional renewal options. In April 2025, we amended the lease for an additional 28,000 square feet.

We also lease four properties near our Redmond location. In the aggregate, these leases contain approximately 46,000 square feet of additional warehouse space, office space, as well as outside storage. These leases have expiring terms from October 2025 to May 2028.

Total future lease payments as of June 30, 2025, are as follows:

	<i>(in thousands)</i>	
2025	\$	1,926
2026		3,890
2027		3,864
2028		3,719
2029		2,056
Thereafter		6,865
Total minimum lease obligations	\$	22,320
Less: present value of minimum lease payments		3,819
Less: current portion		2,854
Lease obligations, long-term	\$	15,647

5. Accounts Receivable

Accounts receivable and the related allowance for credit losses are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024	December 31, 2023
	<i>(in thousands)</i>			
Accounts receivable	\$ 171,881	\$ 148,472	\$ 150,641	\$ 138,431
Less: Allowance for credit losses	1,308	1,038	1,492	323
Total, net	<u>\$ 170,573</u>	<u>\$ 147,434</u>	<u>\$ 149,149</u>	<u>\$ 138,108</u>

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Allowance for credit losses:	<i>(in thousands)</i>			
Balance, beginning of period	\$ 1,126	\$ 435	\$ 1,038	\$ 323
Provisions for expected credit losses, net of adjustments	279	1,062	377	1,174
Accounts receivable written off, net of recoveries	(97)	(5)	(107)	(5)
Balance, end of period	<u>\$ 1,308</u>	<u>\$ 1,492</u>	<u>\$ 1,308</u>	<u>\$ 1,492</u>

6. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the first-in, first-out (“FIFO”) method. We establish an allowance for excess and obsolete inventories based on product line changes, the feasibility of substituting parts and the need for supply and replacement parts.

The components of inventories and related changes in the allowance for excess and obsolete inventories account are as follows:

	June 30, 2025	December 31, 2024
	<i>(in thousands)</i>	
Raw materials	\$ 239,564	\$ 192,136
Work in process	4	20
Finished goods	892	456
Total, gross	240,460	192,612
Less: Allowance for excess and obsolete inventories	5,480	5,192
Total, net	<u>\$ 234,980</u>	<u>\$ 187,420</u>

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Allowance for excess and obsolete inventories:	<i>(in thousands)</i>			
Balance, beginning of period	\$ 5,249	\$ 6,741	\$ 5,192	\$ 6,160
Provision for excess and obsolete inventories	234	968	632	1,928
Inventories written off	(3)	(908)	(344)	(1,287)
Balance, end of period	<u>\$ 5,480</u>	<u>\$ 6,801</u>	<u>\$ 5,480</u>	<u>\$ 6,801</u>

7. Property, Plant and Equipment

Our property, plant and equipment consist of the following:

	June 30, 2025	December 31, 2024
Property, plant and equipment:	<i>(in thousands)</i>	
Land	\$ 17,148	\$ 17,148
Buildings	329,210	315,854
Machinery and equipment	494,819	436,891
Furniture and fixtures	57,235	50,105
Total property, plant and equipment	898,412	819,998
Less: Accumulated depreciation	338,933	309,642
Property, plant and equipment, net	<u>\$ 559,479</u>	<u>\$ 510,356</u>

Depreciation expense is as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	<i>(in thousands)</i>			
Depreciation expense	\$ 18,267	\$ 12,737	\$ 35,135	\$ 24,468

8. Intangible Assets and Goodwill

Intangible Assets

Our intangible assets consist of the following:

	June 30, 2025	December 31, 2024
Definite-lived intangible assets	<i>(in thousands)</i>	
Intellectual property	\$ 12,450	\$ 12,450
Customer relationships	47,547	47,547
Capitalized internal-use software	28,164	22,265
Less: Accumulated amortization	22,317	18,573
Definite-lived intangible assets, net	65,844	63,689
Indefinite-lived intangible assets		
Trademarks	14,571	14,571
Total intangible assets, net	<u>\$ 80,415</u>	<u>\$ 78,260</u>

Amortization expense is as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	<i>(in thousands)</i>			
Amortization expense	\$ 1,669	\$ 1,749	\$ 3,744	\$ 3,455

The weighted-average amortization period for definite-lived intangible assets are as follows as of June 30, 2025:

	<i>(in years)</i>
Intellectual property	17.3
Customer relationships	10.4
Capitalized internal-use software	7.5
Definite-lived intangible assets	10.9

Total future amortization expense for finite-lived intangible assets was estimated as follows:

<i>(in thousands)</i>	
2025	\$ 3,079
2026	6,157
2027	6,100
2028	5,536
2029	5,154
Thereafter	28,042
Total future amortization expense	54,068
Internal-use software projects not in service	11,776
Total	<u>\$ 65,844</u>

Goodwill

The changes in the carrying amount of goodwill were as follows:

	Six Months Ended	
	June 30, 2025	June 30, 2024
	<i>(in thousands)</i>	
Balance, beginning of period	\$ 81,892	\$ 81,892
Additions (decreases) during the period	—	—
Balance, end of period	<u>\$ 81,892</u>	<u>\$ 81,892</u>

9. Supplemental Cash Flow Information

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Supplemental disclosures:	<i>(in thousands)</i>			
Interest paid	\$ 3,713	\$ 153	\$ 6,226	\$ 548
Income taxes paid, Federal	\$ 10,000	\$ 22,000	\$ 10,000	\$ 22,000
Income taxes paid, State	\$ 2,280	\$ 6,359	\$ 2,818	\$ 6,670
Operating activities - other:				
Gain on disposition of assets	\$ —	\$ —	\$ (40)	\$ (16)
Foreign currency transaction (gain) loss	(22)	4	(23)	15
Interest income on note receivable	(4)	(4)	(8)	(9)
Total, other	<u>\$ (26)</u>	<u>\$ —</u>	<u>\$ (71)</u>	<u>\$ (10)</u>
Non-cash investing and financing activities:				
Non-cash capital expenditures	\$ (10,285)	\$ 5,356	\$ 600	\$ 3,278
Contingent shares issued (Note 17)	\$ —	\$ —	\$ —	\$ 6,364

10. Warranties

The Company has product warranties with various terms from one year from the date of first use or 18 months for parts, data center cooling solutions, and cleanroom systems to 25 years for certain heat exchangers. The Company has an obligation to replace parts if conditions under the warranty are met. A provision is made for estimated warranty costs at the time the related products are sold based upon the warranty period, historical trends, new products, and any known identifiable warranty issues.

Changes in the warranty accrual are as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Warranty accrual:	<i>(in thousands)</i>			
Balance, beginning of period	\$ 23,610	\$ 21,349	\$ 24,341	\$ 20,573
Payments made	(3,447)	(3,037)	(7,389)	(5,659)
Warranty expense	3,599	3,320	6,810	6,718
Balance, end of period	<u>\$ 23,762</u>	<u>\$ 21,632</u>	<u>\$ 23,762</u>	<u>\$ 21,632</u>

Warranty expense (benefit) by reportable segment (Note 21) is as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	<i>(in thousands)</i>			
AAON Oklahoma	\$ 2,710	\$ 3,039	\$ 4,877	\$ 5,997
AAON Coil Products	461	340	860	520
BASX	428	(59)	1,073	201
Total	<u>\$ 3,599</u>	<u>\$ 3,320</u>	<u>\$ 6,810</u>	<u>\$ 6,718</u>

11. Accrued Liabilities and Other Long-Term Liabilities

Accrued liabilities were comprised of the following:

	June 30, 2025	December 31, 2024
	<i>(in thousands)</i>	
Warranty	\$ 23,762	\$ 24,341
Due to representatives	22,197	21,808
Payroll	12,424	16,961
Profit sharing	2,038	2,628
Workers' compensation	406	608
Medical self-insurance	3,424	3,085
Customer prepayments	3,481	7,714
Donations, short-term	343	599
Employee vacation time	13,673	12,084
Extended warranties, short-term	3,332	3,153
Lease liability, short-term	2,854	2,481
Property taxes	3,049	—
Other	4,349	3,885
Total	<u>\$ 95,332</u>	<u>\$ 99,347</u>

Other long-term liabilities were comprised of the following:

	June 30, 2025	December 31, 2024
	<i>(in thousands)</i>	
Lease liability	\$ 15,647	\$ 13,592
Extended warranties	6,824	7,151
Total	<u>\$ 22,471</u>	<u>\$ 20,743</u>

12. Debt

On December 16, 2024, we entered into the Third Amendment to the Amended and Restated Loan Agreement dated November 24, 2021, to include an \$80.0 million term loan payable in equal monthly installments, plus interest, over 60 months, expiring December 16, 2029. The agreement provided for a \$200.0 million revolving credit facility and an option to increase the maximum borrowings to \$300.0 million. In April 2025, we increased our available Revolver to \$230.0 million, an increase of \$30.0 million, to fund our additional working capital needs.

On May 29, 2025, we entered into the Fifth Amendment to the Amended and Restated Loan Agreement dated November 24, 2021 (as amended, “Amended Loan Agreement”) whereby the remaining balance of the term loan, approximately \$72.0 million, was rolled into the amended Revolving Loan (“Amended Revolver”), the capacity of which was increased from \$230.0 million to \$500.0 million. The Amended Revolver is prepayable without penalty.

Revolver

	June 30, 2025	December 31, 2024
	(in thousands)	
Total Revolver commitment	\$ 500,000	\$ 200,000
Less: Revolver borrowings outstanding	317,277	76,467
Less: Standby letter of credit	654	300
Borrowings available under the Revolver	<u>\$ 182,069</u>	<u>\$ 123,233</u>

The Revolver expires on May 27, 2030.

Term Loan

	June 30, 2025	December 31, 2024
	(in thousands)	
Term loan, short-term	\$ —	\$ 16,000
Term loan, long-term	—	62,424
Total Term Loan	<u>\$ —</u>	<u>\$ 78,424</u>

Interest Rates

Any outstanding loans under the Amended Revolver bear interest at the daily compounded secured overnight financing rate (“SOFR”) plus the applicable margin. The outstanding amount under the Term Loan bears interest at the SOFR plus a credit spread adjustment of 0.10% per annum plus the Applicable Margin.

Applicable margin, ranging from 1.25% - 1.75%, is determined quarterly based on the Company’s leverage ratio. The Company is also subject to letter of credit fees, ranging from 1.25% - 1.75%, and a commitment fee, ranging from 0.10% - 0.20%. The applicable fee percentage is determined quarterly based on the Company’s leverage ratio.

Fees associated with the unused portion of the committed amount are included in interest expense on our consolidated statements of income and were not material for the three and six months ended June 30, 2025 and 2024, respectively.

Weighted average interest rate of our borrowings outstanding are as follows:

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revolver	5.6%	6.6%	5.6%	6.6%
Term loan	5.7%	* ¹	5.7%	* ¹

¹ Funds were borrowed on December 16, 2024. No borrowings outstanding during the six months ended June 30, 2024.

If SOFR cannot be determined pursuant to the definition, as defined by the Amended Loan Agreement, any outstanding effected loans will be deemed to have been converted into alternative base rate (“ABR”) loans. ABR loans would bear interest at a rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus 0.50%, or (c) daily simple SOFR for a one-month tenor in effect on such day plus 1.00%. As of December 16, 2024, as defined by the Amended Loan Agreement, if the SOFR cannot be determined any outstanding balance will bear interest at the Prime Rate in effect on such day.

At June 30, 2025, we were in compliance with our covenants, as defined by the Amended Loan Agreement. Our financial covenants require that we meet certain parameters related to our leverage ratio. At June 30, 2025, our leverage ratio was 1.4 to 1.0, which meets the requirement of not being above 3 to 1.

13. Income Taxes

The provision for income taxes consists of the following:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	<i>(in thousands)</i>			
Current	\$ 12,417	\$ 13,998	\$ 9,632	\$ 22,530
Deferred	(8,399)	781	(2,423)	41
Income tax provision	<u>\$ 4,018</u>	<u>\$ 14,779</u>	<u>\$ 7,209</u>	<u>\$ 22,571</u>

The provision for income taxes differs from the amount computed by applying the Federal statutory income tax rate before the provision for income taxes.

The reconciliation of the Federal statutory income tax rate to the effective income tax rate is as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
State income taxes, net of Federal benefit	4.8	4.8	5.0	5.0
Excess tax benefits related to share-based compensation (Note 14)	(9.5)	(3.4)	(17.3)	(5.8)
Return to provision	2.2	—	0.8	(0.1)
Non-deductible executive compensation	3.9	1.5	5.9	1.3
Research and development credits	(4.0)	(1.2)	(3.0)	(1.2)
Other	2.2	(0.6)	1.5	(0.4)
Effective tax rate	<u>20.6 %</u>	<u>22.1 %</u>	<u>13.9 %</u>	<u>19.8 %</u>

The Company recorded an excess tax benefit of \$1.9 million and \$2.2 million for the three months ended June 30, 2025 and 2024, respectively, and \$9.0 million and \$6.7 million for the six months ended June 30, 2025 and 2024, respectively. The excess tax benefit is related to the timing of stock option exercises as a result of our high stock price during the six months ended June 30, 2025 and 2024.

In accordance with the 2017 Tax Cuts & Jobs Act, under Internal Revenue Code Section 162(m), the tax deduction for covered executives of public companies is limited to \$1.0 million per individual. Because of the increase in our stock price and timing of executive stock option exercises this resulted in an increase to the income tax provision of \$0.8 million and \$1.0 million for the three months ended June 30, 2025 and 2024, respectively, and \$3.1 million and \$1.5 million for the six months ended June 30, 2025 and 2024, respectively.

We also earn research and development tax credits as defined under Section 41 of the Internal Revenue Code. To qualify for the research and development tax credits, we perform annual studies that identify, document, and support eligible expenses related to qualified research and development activities. Eligible expenses include but are not limited to supplies, materials, contractor expenses and internal employee wages.

In accordance with the 2017 Tax Cuts & Jobs Act, under Internal Revenue Code Section 174, research and development expenses (“R&D”) incurred after December 31, 2021, are required to be capitalized and amortized over five years. The amortization requirements for tax purposes is a mid-year convention, resulting in tax amortization of 10% in the year of acquisition, 20% in the following four years, and 10% in the final year.

The amount of income tax that we pay annually is dependent on various factors, including the timing of certain deductions. These deductions can vary from year to year and, consequently, the amount of income taxes paid in future years will vary from the amounts paid in prior years.

The Company's estimated annual 2025 effective tax rate, excluding discrete events, is approximately 24.5%. We file income tax returns in the U.S., state and foreign income tax jurisdictions. We are subject to U.S. income tax examinations for the tax years 2021 to present, and to non-U.S. income tax examinations for the tax years 2020 to present. In addition, we are subject to state and local income tax examinations for tax years 2020 to present. The Company continues to evaluate its need to file returns in various state jurisdictions. Any interest or penalties would be recognized as a component of income tax expense.

Subsequent effects on our financial statement related to the One Big Beautiful Bill Act effective July 4, 2025

On July 4, 2025, the President signed the One Big Beautiful Bill Act ("OBBBA"), which includes significant changes to corporate tax provisions and deductions. As the enactment occurred after the June 30, 2025, reporting date, the Company has not adjusted its current or deferred tax balances as of June 30, 2025. The Company is currently evaluating the impact of the legislation and will reflect any required adjustments in the third quarter ended September 30, 2025.

The OBBBA includes reinstatement of 100% bonus depreciation for qualifying property placed in service after January 19, 2025, which reverses the previously scheduled phase-down of the bonus depreciation deduction to 40% for 2025 under prior law. The Company expects the reinstatement to accelerate tax deductions for capital expenditures made in the second half of 2025. This is expected to increase the Company's June 30, 2025, tax receivable and decrease our deferred tax assets by approximately \$4.0 million.

The OBBBA also repealed the mandatory capitalization and amortization of domestic R&D expenses under former IRC Section 174. As a result, the Company will deduct all 2025 qualifying domestic R&D expenses as incurred. Additionally, the Company will elect to accelerate the deduction of all remaining unamortized domestic R&D expenses originally capitalized in tax years 2022 through 2024 ratably over two years starting in tax year 2025. The net deductions benefit is expected to increase the Company's June 30, 2025, income tax receivable and decrease our deferred tax assets by approximately \$10.7 million.

14. Share-Based Compensation

On May 22, 2007, our stockholders adopted a Long-Term Incentive Plan ("LTIP") which provided 5.0 million shares that could be granted in the form of stock options, stock appreciation rights, restricted stock awards, performance units and performance awards. Under the LTIP, the exercise price of shares granted could not be less than 100% of the fair market value at the date of the grant.

On May 24, 2016, our stockholders adopted the 2016 Long-Term Incentive Plan ("2016 Plan") which provides for approximately 13.4 million shares, comprised of 5.1 million new shares provided for under the 2016 Plan, approximately 0.6 million shares that were available for issuance under the previous LTIP that were then authorized for issuance under the 2016 Plan, approximately 3.9 million shares that were approved by the stockholders on May 15, 2018, and an additional 3.8 million shares that were approved by the stockholders on May 12, 2020.

On May 21, 2024, our stockholders adopted the 2024 Long-Term Incentive Plan ("2024 Plan") which provides for approximately 2.7 million new shares and approximately 3.7 million shares that were issued and outstanding under the 2016 Plan (as of May 21, 2024) that are now authorized for issuance under the 2024 Plan. The 3.7 million shares issued and outstanding under the 2016 Plan are only eligible for issuance under the 2024 Plan upon forfeiture, expiration, or cancellation.

Under the 2024 Plan and previously under the 2016 Plan (collectively, the "LTIP Plans"), shares can be granted in the form of stock options, stock appreciation rights, restricted stock awards, performance awards, dividend equivalent rights, and other awards. Under the LTIP Plans, the exercise price of shares granted may not be less than 100% of the fair market value at the date of the grant. The LTIP Plans are administered by the Compensation Committee of the Board of Directors or such other committee of the Board of Directors as is designated by the Board of Directors (the "Committee"). Membership on the Committee is limited to independent directors. The Committee may delegate certain duties to one or more officers of the Company as provided in the LTIP Plans. The Committee determines the persons to whom awards are to be made, determines the type, size and terms of awards, interprets the LTIP Plans, establishes and revises rules and regulations relating to the LTIP Plans and makes any other determinations that it believes necessary for the administration of the LTIP Plans.

Options

The following weighted average assumptions were used to determine the fair value of the stock options granted on the original grant date for expense recognition purposes for options granted during the six months ended June 30, 2025 and 2024, using a Black Scholes-Merton Model:

	Six months ended	
	June 30, 2025	June 30, 2024
Senior Leadership¹:		
Expected (annual) dividend rate	\$0.40	\$0.32
Expected volatility	39.05%	37.90%
Risk-free interest rate	3.98%	4.14%
Expected life (in years)	4.0	4.0
Employees:		
Expected (annual) dividend rate	\$0.40	\$0.32
Expected volatility	42.44%	33.51%
Risk-free interest rate	3.92%	4.28%
Expected life (in years)	3.0	3.0

¹ Senior Leadership consists of officers and key members of management.

The expected term of the options is based on evaluations of historical and expected future employee exercise behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date. Volatility is based on historical volatility of our stock over time periods equal to the expected life at grant date.

The following is a summary of stock options vested and exercisable as of June 30, 2025:

Range of Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Intrinsic Value (in thousands)
\$ 13.95 - \$ 27.58	1,027,644	3.14	\$ 25.93	\$ 49,139
\$ 28.28 - \$ 37.07	700,225	5.38	31.86	29,331
\$ 37.09 - \$ 140.76	502,217	7.00	58.64	8,241
Total	2,230,086	4.72	\$ 35.16	\$ 86,711

A summary of stock option activity under the plans is as follows:

Stock Options	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2024	2,957,871	\$ 39.83
Granted	435,846	83.62
Exercised	(320,250)	31.30
Forfeited or Expired	(34,635)	71.53
Outstanding at June 30, 2025	3,038,832	\$ 46.65
Exercisable at June 30, 2025	2,230,086	\$ 35.16

The total pre-tax compensation cost related to unvested stock options not yet recognized as of June 30, 2025, is \$15.8 million and is expected to be recognized over a weighted average period of approximately 2.3 years.

The total intrinsic value of options exercised during the six months ended June 30, 2025 and 2024, was \$22.3 million and \$23.8 million, respectively. The cash received from options exercised during the six months ended June 30, 2025 and 2024, was \$10.0 million and \$15.8 million, respectively. The impact of these cash receipts is included in financing activities in the accompanying consolidated statements of cash flows.

Restricted Stock

The fair value of restricted stock awards is based on the fair market value of AAON, Inc. common stock on the respective grant dates, reduced for the present value of dividends. At June 30, 2025, unrecognized compensation cost related to unvested restricted stock awards was approximately \$9.1 million, which is expected to be recognized over a weighted average period of approximately 2.1 years.

A summary of the unvested restricted stock awards is as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2024	144,292	\$ 61.01
Granted	83,512	86.03
Vested	(78,370)	53.06
Forfeited	(3,489)	74.43
Unvested at June 30, 2025	<u>145,945</u>	<u>\$ 79.27</u>

PSUs

We have awarded performance restricted stock units (“PSUs”) to certain officers and employees under our LTIP Plans. Unlike our restricted stock awards, these PSUs are not considered legally outstanding and do not accrue dividends during the vesting period. These PSUs vest based on the level of achievement with respect to the Company's total shareholder return (“TSR”) benchmarked against similar companies included in the capital goods sector of the S&P SmallCap 600 Index (S&P 400 and S&P 600 within the building products industry group for awards granted after March 1, 2025). The TSR measurement period is three years. At the end of the measurement period, each award will be converted into common stock at 0% to 200% of the PSUs held, depending on overall TSR as compared to the benchmark companies.

The total pre-tax compensation cost related to unvested PSUs not yet recognized as of June 30, 2025, is \$5.9 million and is expected to be recognized over a weighted average period of approximately 1.7 years.

The following weighted average assumptions were used to determine the fair value of the PSUs granted on the original grant date for expense recognition purposes for PSUs granted during the six months ended June 30, 2025 and 2024, using a Monte Carlo Model:

	Six months ended	
	June 30, 2025	June 30, 2024
Expected (annual) dividend rate	\$0.40	\$0.32
Expected volatility	41.91%	33.99%
Risk-free interest rate	3.92%	4.31%
Expected life (in years)	2.8	2.8

The expected term of the PSUs is based on their remaining performance period. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date. Volatility is based on historical volatility of our stock over time periods equal to the expected life at grant date.

A summary of the unvested PSUs is as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2024	169,348	\$ 68.12
Granted	46,131	75.90
Additional payout ¹	66,359	29.83
Vested	(135,209)	29.83
Forfeited	(772)	90.28
Unvested at June 30, 2025 ²	145,857	\$ 88.54

¹ The additional number of PSUs earned based on a 196.4% achievement at December 31, 2024 for awards vesting in 2025.

² Consists of 54,761 PSUs cliff vesting December 31, 2025, 45,371 PSUs cliff vesting December 31, 2026, and 45,725 PSUs cliff vesting December 31, 2027.

Key Employee Awards

As part of the December 2021 acquisition of BASX, the Company granted 39,899 awards to key employees of BASX (“Key Employee Awards”). Unlike our restricted stock awards under the LTIP Plans, the Key Employee Awards are not considered legally outstanding and do not accrue dividends during the vesting period. The issuance of the Key Employee Awards was contingent upon BASX meeting certain post-closing earn-out milestones during each of the years ending 2021, 2022 and 2023 as defined by the BASX acquisition membership interest purchase agreement (“MIPA Agreement”) and continued employment with the Company. At the end of the earn-out period, ending December 31, 2023, each eligible Key Employee Award vested and was converted into common stock. The fair value of Key Employee Awards is based on the fair market value of AAON common stock on the grant date. The weighted average grant date fair value of the key awards was \$53.45. All pre-tax compensation cost has been recognized as of December 31, 2023, and all 39,899 awards vested in March 2024.

Share-Based Compensation

A summary of share-based compensation is as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Grant date fair value of awards during the period:	<i>(in thousands)</i>			
Options	\$ 1,336	\$ 412	\$ 11,809	\$ 9,120
PSUs	798	96	3,501	5,057
Restricted stock	1,978	837	7,184	5,029
Total	\$ 4,112	\$ 1,345	\$ 22,494	\$ 19,206
Share-based compensation expense:				
Options	\$ 2,187	\$ 2,046	\$ 4,066	\$ 4,253
PSUs	1,169	1,227	2,186	1,851
Restricted stock	1,418	1,221	2,543	2,347
Total	\$ 4,774	\$ 4,494	\$ 8,795	\$ 8,451
Income tax benefit (deficiency) related to share-based compensation:				
Options	\$ 1,837	\$ 2,081	\$ 4,994	\$ 5,228
PSUs	(138)	—	3,334	169
Restricted stock	157	163	692	971
Key Employee Awards	—	—	—	282
Total	\$ 1,856	\$ 2,244	\$ 9,020	\$ 6,650

Share-based compensation expense is recognized on a straight-line basis over the service period of the related share-based compensation award. Stock options and restricted stock awards, granted to employees, vested at a rate of 33.3% per year. Restricted stock awards granted to directors historically vest over the shorter of directors' remaining elected term or one-third each year. Forfeitures are accounted for as they occur.

All share-based compensation awards granted contain a one-year employment requirement (minimum service period) or the entire award is forfeited. If the employee or director is retirement eligible (as defined by the Long Term Incentive Plans) or becomes retirement eligible during service period of the related share-based compensation award, the service period is the lesser of 1) the grant date (plus one year), if retirement eligible on grant date, or 2) the period between grant date (plus one year) and retirement eligible date. Forfeitures are accounted for as they occur.

The PSUs cliff vest at the end of their respective service period. Share-based compensation expense is recognized on a straight-line basis over the service period of PSUs. The PSUs are subject to several service and market conditions, as defined by the PSU agreement, which allows the holder to retain a pro-rata amount of awards as a result of certain termination conditions, retirement, change in common control, or death. Forfeitures are accounted for as they occur.

15. Employee Benefits

Defined Contribution Plan - 401(k)

We sponsor a defined contribution plan (the “Plan”). Eligible employees may make contributions in accordance with the Plan and IRS guidelines. In addition to the traditional 401(k), eligible employees are given the option of making an after-tax contribution to a Roth 401(k) or a combination of both. The Plan provides for automatic enrollment and for an automatic increase to the deferral percentage at January 1st of each year and each year thereafter. Eligible employees are automatically enrolled in the Plan at a 6.0% deferral rate and currently contributing employees deferral rates will be increased to 6.0% unless their current rate is at or above 6.0% or the employee elects to decline the automatic enrollment or increase. Administrative expenses are paid for by Plan participants. The Company paid no administrative expenses during the six months ended June 30, 2025 and 2024.

The Company matches 175.0% up to 6.0% of employee contributions of eligible compensation. Additionally, Plan participant forfeitures are used to reduce the cost of the Company contributions.

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	<i>(in thousands)</i>			
Contributions, net of forfeitures, made to the defined contribution plan	\$ 5,977	\$ 4,366	\$ 11,999	\$ 10,076

Profit Sharing Bonus Plans

We maintain a discretionary profit sharing bonus plan under which approximately 8.5% of pre-tax profit from the Company is paid to eligible employees on a quarterly basis in order to reward employee productivity. Eligible employees are regular full-time non-exempt employees of the Company who are actively employed and working on the first and last day of the calendar quarter.

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	<i>(in thousands)</i>			
Profit sharing bonus plan	\$ 2,038	\$ 6,477	\$ 5,335	\$ 11,077

Employee Medical Plan

We self-insure for our employees' health insurance, and make medical claim payments up to certain stop-loss amounts. We estimate our self-insurance liabilities using an analysis provided by our claims administrator and our historical claims experience. Eligible employees are regular full-time employees who are actively employed and working. Participants are expected to pay a portion of the premium costs for coverage of the benefits provided under the Plans. In addition, the Company matches 175.0% of a participating employee's allowed contributions to a qualified health saving account to assist employees with health insurance plan deductibles.

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	<i>(in thousands)</i>			
Medical premium payments	\$ 5,573	\$ 3,924	\$ 11,408	\$ 7,295
Health saving account contributions	2,635	2,116	5,645	4,282

16. Earnings Per Share

Basic net income per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted net income per share assumes the conversion of all potentially dilutive securities and is calculated by dividing net income by the sum of the weighted average number of shares of common stock outstanding plus all potentially dilutive securities. Dilutive common shares consist primarily of stock options and restricted stock awards.

The following table sets forth the computation of basic and diluted earnings per share for the six months ended June 30, 2025 and 2024:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	<i>(in thousands, except share and per share data)</i>			
Numerator:				
Net income	\$ 15,487	\$ 52,228	\$ 44,779	\$ 91,244
Denominator:				
Basic weighted average shares	81,441,511	81,791,792	81,456,845	81,339,153
Effect of dilutive shares related to stock based compensation ¹	1,514,702	1,994,430	1,696,943	2,093,715
Effect of dilutive shares related to contingent consideration ²	—	—	—	94,849
Diluted weighted average shares	82,956,213	83,786,222	83,153,788	83,527,717
Earnings per share:				
Basic	\$ 0.19	\$ 0.64	\$ 0.55	\$ 1.12
Diluted	\$ 0.19	\$ 0.62	\$ 0.54	\$ 1.09
Anti-dilutive shares:				
Shares	747,383	437,997	427,819	275,357

¹ Dilutive shares related to stock options, restricted stock, PSUs and Key Employee Awards (Note 14)

² Dilutive shares related to contingent shares issued to the former owners of BASX (Note 17)

17. Stockholders' Equity

Stock Repurchases

The Board authorizes the stock repurchase programs for the Company. The Company may purchase shares on the open market from time to time at current market prices. The Board must authorize the timing and amount of these purchases and all repurchases are in accordance with the rules and regulations of the SEC allowing the Company to repurchase shares from the open market.

Our authorized open market repurchase programs during the periods presented are as follows:

Effective Date	Authorized Repurchase \$	Expiration Date
November 3, 2022	\$50 million ¹	February 27, 2024
February 27, 2024	\$50 million ¹	June 4, 2024
June 4, 2024	\$50 million ²	June 14, 2024
February 27, 2025	\$100 million	** 3, 4

¹ Repurchases made in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended.

² Repurchases made in accordance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended.

³ Expiration Date is at Board's discretion. The Company is authorized to effectuate repurchases of the Company's common stock on terms and conditions approved in advance by the Board. As of June 30, 2025, approximately \$70.0 million remains under the current board authorization.

⁴ As of June 30, 2025, approximately \$30.0 million of shares have been repurchased in accordance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended.

The Company also repurchases shares of AAON, Inc. stock related to our LTIP plans (Note 14) at current market prices.

Our repurchase activity is as follows:

Program	Six Months Ended					
	June 30, 2025			June 30, 2024		
	Shares	Total \$	\$ per share	Shares	Total \$	\$ per share
Open market	371,139	\$ 29,992	\$ 80.81	1,353,564	\$ 100,034	\$ 73.90
LTIP shares ¹	91,550	9,167	100.13	42,573	3,493	82.05
Total	462,689	\$ 39,159	\$ 84.63	1,396,137	\$ 103,527	\$ 74.15

¹ Includes stock repurchased for payment of statutory tax withholding and/or stock repurchased to cover the strike price of stock options.

Cash Dividends

At the discretion of the Board, we pay cash dividends. Board approval is required to determine the date of declaration and amount for each cash dividend payment.

Our recent cash dividends are as follows:

Declaration Date	Record Date	Payment Date	Dividend per Share	Annualized Dividend per Share
March 5, 2024	March 18, 2024	March 29, 2024	\$0.08	\$0.32
May 24, 2024	June 7, 2024	June 28, 2024	\$0.08	\$0.32
August 15, 2024	September 6, 2024	September 27, 2024	\$0.08	\$0.32
November 13, 2024	November 29, 2024	December 19, 2024	\$0.08	\$0.32
March 5, 2025	March 18, 2025	March 28, 2025	\$0.10	\$0.40
May 13, 2025	June 6, 2025	June 27, 2025	\$0.10	\$0.40

Contingent Shares Issued in BASX Acquisition

In December 2021, we closed on the acquisition of BASX. Under the MIPA Agreement, we committed to \$78.0 million in the aggregate of contingent consideration to the former owners of BASX, which is payable in approximately 1.6 million shares of the Company's common stock, par value \$0.004 per share. The shares do not accrue dividends.

Under the MIPA Agreement, the issuance of shares to the former owners of BASX was contingent upon BASX meeting certain post-closing earn-out milestones during each of the years ended 2021, 2022, and 2023. In March 2024, we issued the remaining 0.2 million shares related to the earn-out milestone for the year ended 2023. As a result of the shares issued in March 2024, the tax basis exceeded the book basis for consideration paid resulting in a deferred tax asset and an increase to additional paid-in capital of \$6.4 million, respectively, on our consolidated balance sheet. The deferred tax asset is expected to be amortized over 15 years. All shares have been issued as private placements exempt from registration with the SEC under Rule 506(b) and are included in common stock on the consolidated statements of stockholders' equity.

18. New Markets Tax Credit

2019 New Markets Tax Credit

On October 24, 2019, the Company entered into a transaction with a subsidiary of an unrelated third-party financial institution (the "2019 Investor") and a certified Community Development Entity under a qualified New Markets Tax Credit ("2019 NMTC") program pursuant to Section 45D of the Internal Revenue Code of 1986, as amended, related to an investment in plant and equipment to facilitate the expansion of our Longview, Texas manufacturing operations (the "2019 Project"). In connection with the 2019 NMTC transaction, the Company received a \$23.0 million NMTC allocation for the Project and secured low-interest financing and the potential for future debt forgiveness related to the 2019 Project.

Upon closing of the 2019 NMTC transaction, the Company provided an aggregate of approximately \$15.9 million to the 2019 Investor, in the form of a loan receivable, with a term of 25 years, bearing an interest rate of 1.0%. This \$15.9 million in proceeds plus capital contributed from the 2019 Investor was used to make an aggregate \$22.5 million loan to a subsidiary of the Company. This financing arrangement is secured by equipment at the Company's Longview, Texas facilities and a guarantee from the Company, including an unconditional guarantee of the NMTCs.

This transaction also includes a put/call feature either of which can be exercised at the end of the seven-year compliance period. The 2019 Investor may exercise its put option or the Company can exercise the call, both of which could serve to trigger forgiveness of a portion of the debt. The 2019 Investor's interest of \$6.6 million is recorded in New markets tax credit obligations on the consolidated balance sheets. The Company incurred approximately \$0.3 million of debt issuance costs related to the above transactions, which are being amortized over the life of the transaction.

2023 New Markets Tax Credit

On April 25, 2023, the Company entered into a transaction with a subsidiary of an unrelated third-party financial institution (the "2023 Investor") and a certified Community Development Entity under a qualified New Markets Tax Credit ("2023 NMTC") program pursuant to Section 45D of the Internal Revenue Code of 1986, as amended, related to an investment in plant and equipment to facilitate the second expansion of our Longview, Texas manufacturing operations (the "2023 Project"). In connection with the 2023 NMTC transaction, the Company received a \$23.0 million NMTC allocation for the 2023 Project and secured low-interest financing and the potential for future debt forgiveness related to the expansion of its Longview, Texas facilities.

Upon closing of the 2023 NMTC transaction, the Company provided an aggregate of approximately \$16.7 million to the 2023 Investor, in the form of a loan receivable, with a term of 25 years, bearing an interest rate of 1.0%. This \$16.7 million in proceeds plus capital contributed from the 2023 Investor was used to make an aggregate \$23.8 million loan to a subsidiary of the Company. This financing arrangement is secured by a guarantee from the Company, including an unconditional guarantee of the NMTCs. The net proceeds from the closing of the 2023 NMTC are included in restricted cash on our consolidated balance sheets required to be used for the 2023 Project.

This transaction also includes a put/call feature either of which can be exercised at the end of the seven-year compliance period. The 2023 Investor may exercise its put option or the Company can exercise the call, both of which could serve to trigger forgiveness of a portion of the debt. The 2023 Investor's interest of \$5.8 million is recorded in New markets tax credit obligations on the consolidated balance sheets. The Company incurred approximately \$0.4 million of debt issuance costs related to the above transactions, which are being amortized over the life of the transaction.

2024 New Markets Tax Credit

On February 27, 2024, the Company entered into a transaction with a subsidiary of an unrelated third-party financial institution (the "2024 Investor") and a certified Community Development Entity under a qualified New Markets Tax Credit ("2024 NMTC") program pursuant to Section 45D of the Internal Revenue Code of 1986, as amended, related to an investment in real estate to facilitate the 2023 Project. In connection with the 2024 NMTC transaction, the Company received a \$15.5 million

NMTC allocation for the 2023 Project and secured low interest financing and the potential for future debt forgiveness related to the expansion of its Longview, Texas facilities.

Upon closing of the 2024 NMTC transaction, the Company provided an aggregate of approximately \$11.0 million to the 2024 Investor, in the form of a loan receivable, with a term of 25 years, bearing an interest rate of 1.0%. This \$11.0 million in proceeds plus capital contributed from the 2024 Investor was used to make an aggregate \$16.0 million loan to a subsidiary of the Company. This financing arrangement is secured by a guarantee from the Company, including an unconditional guarantee of the NMTCs. The net proceeds from the closing of the 2024 NMTC are included in restricted cash on our consolidated balance sheets required to be used for the 2023 Project.

This transaction also includes a put/call feature that either of which can be exercised at the end of the seven-year compliance period. The 2024 Investor may exercise its put option or the Company can exercise the call, both of which could serve to trigger forgiveness of a portion of the debt. The 2024 Investor's interest of \$3.8 million is recorded in New markets tax credit obligations on the consolidated balance sheets. The Company incurred approximately \$0.4 million of debt issuance costs related to the above transactions, which are being amortized over the life of the transaction.

The 2019 Investor, 2023 Investor, and 2024 Investor are each subject to 100 percent recapture of the 2019, 2023, and 2024 NMTC, respectively, it receives for a period of seven years, as provided in the Internal Revenue Code and applicable U.S. Treasury regulations in the event that the financing facility of the Borrower under the transaction (AAON Coil Products, Inc.) becomes ineligible for NMTC treatment per the Internal Revenue Code requirements. The Company is required to be in compliance with various regulations and contractual provisions that apply to the 2019 NMTC arrangements, 2023 NMTC arrangements, and 2024 NMTC arrangements, respectively. Noncompliance with applicable requirements could result in the 2019 and/or 2023 and/or 2024 Investors' projected tax benefits not being realized and, therefore, require the Company to indemnify the 2019 Investor, 2023 Investor, and 2024 Investor for any loss or recapture of the 2019 NMTC, 2023 NMTC, and 2024 NMTC, respectively, related to the financing until such time as the recapture provisions have expired under the applicable statute of limitations. The Company does not anticipate any credit recapture will be required in connection with any of these financing arrangements.

The 2019 Investor, 2023 Investor, and 2024 Investor and its majority owned community development entity are considered VIEs and the Company is the primary beneficiary of the VIEs. Because the Company is the primary beneficiary of the VIEs, they have been included in the consolidated financial statements. There are no other assets, liabilities or transactions in these VIEs outside of the financing transactions executed as part of the 2019 NMTC, 2023 NMTC, or 2024 NMTC arrangements, respectively.

19. Commitments and Contingencies

Other Matters

The Company is involved from time to time in claims and lawsuits incidental to our business arising from various matters, including alleged violations of contract, product liability, warranty, environmental, regulatory, personal injury, intellectual property, employment, tax and other laws. We closely monitor these claims and legal actions and frequently consult with our legal counsel to determine whether they may, when resolved, have a material adverse effect on our financial position, results of operations or cash flows and we accrue and/or disclose loss contingencies as appropriate. We do not believe these matters will have a material adverse effect on our business, financial position, results of operations or cash flows.

We are occasionally party to short-term and long-term, cancellable and occasionally non-cancellable, contracts with major suppliers for the purchase of raw material and component parts. We expect to receive delivery of raw material and component parts for use in our manufacturing operations. These contracts are not accounted for as derivative instruments because they meet the normal purchase and normal sales exemption. We had no material contractual purchase obligations as of June 30, 2025, except as noted below.

In 2023, the Company executed a five-year purchase commitment for refrigerants. Payments made in satisfaction of the purchase commitment were approximately \$1.5 million and \$2.1 million the three and six months ended June 30, 2025, respectively, as compared to \$3.0 million and \$6.6 million for the three and six months ended June 30, 2024, respectively. Estimated minimum future payments are \$7.0 million, \$10.5 million, and \$11.2 million for 2025, 2026, and 2027, respectively.

20. Related Parties

The following is a summary of transactions and balances with related parties:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	<i>(in thousands)</i>			
Sales to affiliates	\$ 2,213	\$ 1,625	\$ 3,308	\$ 3,821
Payments to affiliates	704	505	1,213	1,120
			June 30, 2025	December 31, 2024
			<i>(in thousands)</i>	
Due from affiliates			\$ 1,580	\$ 1,055
Due to affiliates			86	369

The nature of our related party transactions is as follows:

- The Company sells units to an entity operated by a member of the board's immediate family. This entity is also one of the Company's Representatives and as such, the Company makes payments to the entity for third party products.
- The Company purchases some supplies from entities controlled by two of the Company's board members and a member of the Company's executive management team.
- The Company periodically makes part sales and makes payments to a board member related to a consulting agreement. The consulting agreement expired in May 2024.
- The Company periodically rents space partially owned a member of the board for various Company meetings.
- The Company leases flight time of an aircraft partially owned by our President and CEO and another member of our senior leadership.

21. Segments

The Company has determined that it has three reportable segments for financial reporting purposes.

AAON Oklahoma: AAON Oklahoma engineers, manufactures and sells semi-custom and custom HVAC systems, designs and manufactures controls solutions, and sells aftermarket parts to customers through retail part stores and online. AAON Oklahoma includes the operations of our Tulsa, Oklahoma, Memphis, Tennessee and Parkville, Missouri manufacturing facilities, two retail locations, and the Norman Asbjornson Innovation Center ("NAIC") research and development laboratory accredited by the Air Movement and Control Association International, Inc. ("AMCA").

With the NAIC, a world-class research and development ("R&D") laboratory in Tulsa, Oklahoma, our products are continuously tested under a variety of extreme environmental conditions to ensure they deliver the ultimate performance, efficiency, and value.

Also located in Tulsa, Oklahoma, our cutting-edge Exploration Center showcases the engineering, design attributes, and premium build quality of our equipment side-by-side the market alternatives.

AAON Coil Products: AAON Coil Products engineers and manufactures a selection of our semi-custom, and custom HVAC systems as well as a variety of heating and cooling coils to be used in HVAC systems, mostly for the benefit of AAON Oklahoma, AAON Coil Products, and BASX. AAON Coil Products consists of operations at our Longview, Texas manufacturing facilities. BASX branded products are also manufactured in Longview.

BASX: BASX engineers, manufactures, and sells an array of custom, high-performance cooling solutions for the rapidly growing hyperscale data center market, ventilation solutions for cleanroom environments in the bio-pharmaceutical, semiconductor, medical and agriculture markets, and highly custom, air handlers and modular solutions for a vast array of markets. BASX consists of operations at our Redmond, Oregon manufacturing facilities.

The Company's chief operating decision maker ("CODM"), our CEO, allocates resources and assesses the performance of each operating segment using information about the operating segment's net sales, cost of sales, and gross profit directly attributable to our segments. The CODM does not evaluate operating segments using asset or liability information.

Due to the integrated nature of our Company as well as the increasing production of both AAON and BASX branded products across different segments, other costs and expenses, such as selling, general and administrative including corporate expense, are evaluated and resources allocated at a consolidated level.

The following table summarizes certain financial data related to our segments and significant segment expenses and other segment items regularly reviewed by our CODM. Transactions between segments are recorded based on prices negotiated between the segments. The cost of sales and gross profit amounts shown below are presented after elimination entries.

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	(in thousands)		(in thousands)	
AAON Oklahoma				
External sales	\$ 185,120	\$ 225,727	\$ 346,958	\$ 435,867
Inter-segment sales	5,318	1,311	9,157	2,982
Eliminations	(5,318)	(1,311)	(9,157)	(2,982)
Net sales	185,120	225,727	346,958	435,867
Cost of sales ¹	134,237	141,857	258,102	273,586
Gross profit	50,883	83,870	88,856	162,281
AAON Coil Products				
External sales	\$ 58,465	\$ 31,373	\$ 152,488	\$ 55,620
Inter-segment sales	6,073	8,942	12,279	18,273
Eliminations	(6,073)	(8,942)	(12,279)	(18,273)
Net sales	58,465	31,373	152,488	55,620
Cost of sales ¹	45,602	18,214	107,140	34,322
Gross profit	12,863	13,159	45,348	21,298
BASX				
External sales	\$ 67,982	\$ 56,466	\$ 134,175	\$ 84,178
Inter-segment sales	507	220	550	222
Eliminations	(507)	(220)	(550)	(222)
Net sales	67,982	56,466	134,175	84,178
Cost of sales ¹	48,999	40,401	99,286	62,421
Gross profit	18,983	16,065	34,889	21,757
Consolidated gross profit	\$ 82,729	\$ 113,094	\$ 169,093	\$ 205,336
¹ Presented after intercompany eliminations.				

The reconciliation between consolidated gross profit to consolidated income from operations is as follows:

Consolidated gross profit	\$ 82,729	\$ 113,094	\$ 169,093	\$ 205,336
Less: Selling, general and administrative expenses	59,147	45,895	110,440	91,183
Add: Gain on disposal of assets	—	—	40	16
Consolidated income from operations	\$ 23,582	\$ 67,199	\$ 58,693	\$ 114,169

The following table presents long-lived assets by reportable segment, which includes property and equipment, net and operating lease assets:

	June 30, 2025	December 31, 2024
Long-lived assets	<i>(in thousands)</i>	
AAON Oklahoma	\$ 335,977	\$ 321,597
AAON Coil Products	151,301	122,515
BASX	89,996	81,680
Total long-lived assets	<u>\$ 577,274</u>	<u>\$ 525,792</u>

The following table presents intangible assets and goodwill, net, by reportable segment:

Intangible assets, net and goodwill		
AAON Oklahoma	\$ 20,844	\$ 22,966
AAON Coil Products	3,759	—
BASX	137,704	137,186
Total intangible assets, net and goodwill	<u>\$ 162,307</u>	<u>\$ 160,152</u>

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes thereto, which are included in this report, and our audited consolidated financial statements and the notes thereto, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

This discussion contains or incorporates by reference “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts, but rather are based on expectations, estimates, assumptions and projections about our industry, business and future financial results, based on information available at the time this report is filed with the SEC or, with respect to any document incorporated by reference, available at the time that such document was prepared. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those identified in the section entitled “Forward-Looking Statements” in this Item 2 of this Quarterly Report on Form 10-Q and in the section entitled “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024. We do not assume any obligation to update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, new information or circumstances or otherwise, except as required by law.

Overview

AAON is a 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 capabilities enable continuous advancement toward a cleaner and more sustainable future.

We engineer, manufacture, and sell premium heating, ventilation, and air conditioning equipment consisting of semi-custom and custom rooftop units, data center cooling solutions, cleanroom systems, packaged outdoor mechanical rooms, air handling units, makeup air units, energy recovery units, condensing units, geothermal/water-source heat pumps, coils, and controls. These products are marketed and sold to a variety of vertical markets including retail, manufacturing, educational, lodging, supermarket, data centers, medical and pharmaceutical, industrial, and other commercial markets. We sell our products to all 50 states in the United States and certain provinces in Canada. Foreign sales were approximately \$7.5 million and \$18.8 million the three and six months ended June 30, 2025, respectively, as compared to \$7.1 million and \$14.5 million for the three and six months ended June 30, 2024, respectively.

Our business can be affected by a number of economic factors, including the level of economic activity in the markets in which we operate. Both the new construction and replacement markets are cyclical. If the domestic economy were to slow or enter a recession, this could result in a decrease in our sales volume and profitability. Sales in the commercial and industrial new construction markets generally lag the housing market, which in turn is influenced by cyclical factors such as interest rates, inflation, consumer spending habits, employment rates, the state of the economy and other macroeconomic factors over which we have no control. Sales in the replacement markets are driven by various factors, including general economic growth, the Company’s new product introductions, fluctuations in the average age of existing equipment in the market, government regulations and stimulus, change in market demand between more customized, higher performing HVAC equipment and lower priced standard equipment, as well as many other factors. When new construction is down, we emphasize the replacement market.

We sell our products to property owners and contractors mainly through a network of independent manufacturers’ Representatives. This go-to-market strategy is unique compared to most of our larger competitors in that most control their sales channel. We value the independent sales channel as we think it is a more effective way of increasing market share. Although we concede full control of the sales process with this strategy, the entrepreneurial aspect of the independent sales channel attracts the most talent and provides greater financial incentives for its salespeople. Further, the independent sales channel sells different types of equipment from various manufacturers, allowing it to operate with more of a solutions-based mindset, as opposed to an internal sales department of a manufacturing company that is incentivized to only sell its equipment regardless if it is the best solution for the end customer. We also have a small internal sales force that supports the relationships between the Company and our sales channel partners. BASX sells highly customized products for unique applications for a more concentrated customer base and an internal sales force is more effective for such products.

The principal components of cost of sales are labor, raw materials, component costs, factory overhead, freight out, and engineering expense. The principal high volume raw materials used in our manufacturing processes are steel, copper, and aluminum, and are obtained from domestic suppliers. We also purchase from domestic manufacturers certain components, including coils, compressors, motors, and electrical controls.

The price levels of our raw materials fluctuate given that the market continues to be volatile and unpredictable as a result of the uncertainty related to the U.S. economy and global economy. At June 30, 2025, the price (year to date average) for copper increased 10.3% while stainless steel decreased 27.5%, respectively. The price (year to date average) for galvanized steel and aluminum remained relatively flat, as compared to the price (year to date average) at June 30, 2024.

We attempt to limit the impact of price fluctuations on these materials by entering into cancellable and non-cancellable contracts with our major suppliers for periods of six to 18 months. We expect to receive delivery of raw materials from our contracts for use in our manufacturing operations.

We occasionally increase the price of our products to help offset any inflationary headwinds. In recent years, price increases have been more frequent due to the amount of inflation the business has endured. We implemented a recurring 1.0% monthly price increase on October 1, 2023, and carried that through February 1, 2024, for AAON branded products. On January 1, 2025, we implemented a one-time 3.0% price increase for AAON branded products. On April 1, 2025, we implemented a 6.0% surcharge on all AAON branded products as a result of the uncertainty of international tariffs. BASX branded products are priced by job and in most cases, provide the ability to increase the price if the order is outside normal lead times.

Macroeconomic Conditions

Beginning in January 2025, the current United States (“U.S.”) Administration began enacting a series of tariffs affecting nearly all goods imported into the U.S. In retaliation, numerous foreign countries imposed reciprocal tariffs and restricted certain exports to the U.S. The continuous changes and uncertainty in tariff policy could impact our cost of materials, parts, or components imported into the U.S. and could impact the availability of supply from our vendors. We source raw materials domestically, but historically have seen those suppliers increase prices when tariffs are increased. Additionally, while we source most components domestically, our vendors may be impacted by tariffs if they use foreign parts and materials and often pass any additional costs as a result of tariffs through to us. We expect to continue to pass along some of these costs to our customers, but the increased price of our products could adversely affect the demand, which could have an adverse effect on our business and our earnings.

Due to our favorable liquidity position, we are well positioned to make strategic purchases of materials when we see opportunities or potential disruptions in our supply chain. We have experienced supply chain challenges related to specific manufacturing parts, which could be exacerbated by the trade conflict. We manage our supply chain challenges through strong vendor relationships as well as expanding our list of available vendors.

Additionally, we continue to experience challenges in a tight labor market, especially the hiring of production labor. We continue to implement human resource initiatives to retain and attract labor to further increase production capacity. We have implemented the following wage increases to remain competitive and to attract and retain employees:

- In March 2024, we awarded annual merit raises for an overall 3.3% increase to wages.
- In March 2025, we awarded annual merit raises for an overall 4.0% increase to wages.

Despite efforts to mitigate the potential business impacts of trade conflict, supply chain challenges, and a tight labor market, future increases in the cost of materials, parts, components, or labor, in addition to supply chain disruptions, while temporary, could negatively impact our consolidated financial position, results of operations, and cash flows.

Backlog

Segment	Brands Produced	Brand Products
AAON Oklahoma	AAON	Rooftop units and aftermarket parts
AAON Coil Products	AAON / BASX	Condensing units, air handling products, data center cooling solutions, and geothermal/water-source heat pumps
BASX	BASX	Data center cooling solutions, cleanroom products, and air handling products

The following table shows our historical backlog levels:

	June 30, 2025	December 31, 2024	June 30, 2024
	<i>(in thousands)</i>		
AAON Products	\$ 494,214	\$ 327,343	\$ 255,485
BASX Products	501,106	539,747	394,520
Total Backlog	<u>\$ 995,320</u>	<u>\$ 867,090</u>	<u>\$ 650,005</u>

At June 30, 2025, our consolidated backlog is \$995.3 million, an increase of 53.1%, or \$345.3 million, as compared to June 30, 2024. Backlog was up from a year ago for both AAON Products and BASX Products with BASX Products increasing 27.0%, or \$106.6 million, when compared to June 30, 2024. Most of these orders were associated with the BASX branded data center liquid cooling solutions.

Consolidated Results of Operations

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	<i>(in thousands)</i>			
Net sales	\$ 311,567	\$ 313,566	\$ 633,621	\$ 575,665
Cost of sales	228,838	200,472	464,528	370,329
Gross profit	82,729	113,094	169,093	205,336
Selling, general and administrative expenses	59,147	45,895	110,440	91,183
Loss (gain) on disposal of assets	—	—	(40)	(16)
Income from operations	<u>\$ 23,582</u>	<u>\$ 67,199</u>	<u>\$ 58,693</u>	<u>\$ 114,169</u>

The following are recent highlights and items that impacted our results of operations, cash flows and financial condition:

- We continue to see strong demand and growth of the BASX brand with increases in net sales of \$51.7 million and \$156.3 million for the three and six months ended June 30, 2025, respectively. This growth is primarily driven by data center demand for our liquid cooling solutions.
- The AAON brand has experienced challenges with a softer rooftop market due to macroeconomic factors like higher interest rates and slowing construction starts. Additionally, the refrigerant change that went into effect on January 1, 2025 created supply chain constraints for components with the new refrigerant that challenged the first quarter and lingered into the second quarter. As a result, net sales for the AAON brand were down \$53.6 million and \$98.3 million for the three and six months ended June 30, 2025, respectively.
- The Company went live with its new Enterprise Resource Planning (“ERP”) system on April 1, 2025 at its Longview, Texas facility. The adoption of this new system has caused some disruptions due to changes in processes. These disruptions primarily impacted the AAON Coil Products segment with decreased net sales and gross profit margins during the three months ended, June 30, 2025. To a lesser extent, the impact to the coil production at AAON Coil Products also impacted AAON Oklahoma’s ability to ramp up production, which contributed to the lower net sales and gross profit margins for that segment during the quarter.
- We continue to invest in the future growth of the Company as evidenced by our \$89.6 million in capital expenditures in 2025, an increase of \$14.1 million or 18.7% when compared to 2024.

- We completed the repurchase of 0.4 million shares for \$30.0 million during the six months ended June 30, 2025.

We report our financial results based on three reportable segments: AAON Oklahoma, AAON Coil Products, and BASX, which are further described in “Segments” (Note 21) within our notes to the consolidated financial statements. The Company’s chief operating decision maker (“CODM”), our CEO, allocates resources and assesses the performance of each operating segment using information about the operating segment’s net sales and gross profit. The CODM does not evaluate operating segments using asset or liability information.

Segment Operating Results for Three Months Ended June 30, 2025 and Three Months Ended June 30, 2024

	Three Months Ended					
	June 30, 2025	Percent of Sales ¹	June 30, 2024	Percent of Sales ¹	\$ Change	% Change
<i>(in thousands)</i>						
Net Sales²						
AAON Oklahoma	\$ 185,120	59.4 %	\$ 225,727	72.0 %	\$ (40,607)	(18.0)%
AAON Coil Products	58,465	18.8 %	31,373	10.0 %	27,092	86.4 %
BASX	67,982	21.8 %	56,466	18.0 %	11,516	20.4 %
Net sales	<u>\$ 311,567</u>		<u>\$ 313,566</u>		<u>\$ (1,999)</u>	(0.6)%
Cost of Sales²						
AAON Oklahoma	\$ 134,237	72.5 %	141,857	62.8 %	\$ (7,620)	(5.4)%
AAON Coil Products	45,602	78.0 %	18,214	58.1 %	27,388	150.4 %
BASX	48,999	72.1 %	40,401	71.5 %	8,598	21.3 %
Cost of sales	<u>\$ 228,838</u>	73.4 %	<u>\$ 200,472</u>	63.9 %	<u>\$ 28,366</u>	14.1 %
Gross Profit²						
AAON Oklahoma	\$ 50,883	27.5 %	\$ 83,870	37.2 %	\$ (32,987)	(39.3)%
AAON Coil Products	12,863	22.0 %	13,159	41.9 %	(296)	(2.2)%
BASX	18,983	27.9 %	16,065	28.5 %	2,918	18.2 %
Gross profit	<u>\$ 82,729</u>	26.6 %	<u>\$ 113,094</u>	36.1 %	<u>\$ (30,365)</u>	(26.8)%

¹ Cost of sales and gross profit for each segment are calculated as a percentage of the respective segment’s net sales. Total cost of sales and total gross profit are calculated as a percentage of total net sales.

² Presented after intercompany eliminations.

Total net sales decreased \$2.0 million, or 0.6%. 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. Sales were up 86.4%, at AAON Coil Products 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. BASX net sales were up 20.4% to \$68.0 million due to the continued demand for data center solutions.

Gross profit decreased \$30.4 million or 26.8% and from 36.1% of sales to 26.6% of sales. 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 to the AAON Oklahoma segment. AAON Coil Products decreased 1,990 basis points in gross profit margin is a result of slower production from implementing our ERP system at the beginning of the quarter. 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.

As shown in the table below, we have experienced fluctuations in the cost of several raw materials.

Raw Material Costs

Three-month average raw material cost per pound as of June 30:

		2025	2024	% Change
Copper	\$	6.04	\$ 5.28	14.4 %
Galvanized steel	\$	0.59	\$ 0.57	3.5 %
Stainless steel	\$	1.94	\$ 2.56	(24.2)%
Aluminum	\$	2.34	\$ 2.40	(2.5)%

Selling, General and Administrative Expenses

	Three Months Ended		Percent of Sales	
	June 30, 2025	June 30, 2024	2025	2024
	<i>(in thousands)</i>			
Warranty	\$ 3,599	\$ 3,320	1.2 %	1.1 %
Profit sharing	2,038	6,477	0.7 %	2.1 %
Salaries & benefits	17,125	14,089	5.5 %	4.5 %
Stock compensation	3,133	2,841	1.0 %	0.9 %
Advertising	2,120	1,005	0.7 %	0.3 %
Depreciation & amortization	7,342	4,266	2.4 %	1.4 %
Insurance	2,111	2,037	0.7 %	0.6 %
Professional fees	1,775	1,241	0.6 %	0.4 %
Memphis incentive fee	3,405	—	1.1 %	— %
Donations	310	755	0.1 %	0.2 %
Other	16,189	9,864	5.2 %	3.1 %
Total SG&A	\$ 59,147	\$ 45,895	19.0 %	14.6 %

Selling, general and administrative expenses increased \$13.3 million for the three months ended June 30, 2025, from the prior year period. Profit sharing is down as a result of our lower earnings in the quarter. Salaries and benefits have increased as we add additional headcount to help build out our organizational capacity for future growth. Depreciation and amortization increased \$3.1 million during the three months ended June 30, 2025, due to increased investments from our ERP implementation. We incurred approximately \$3.4 million in incentive fees due to our real estate broker associated with the acquisition of our Memphis, Tennessee plant for a percentage of the incentives awarded to us by various entities. Other includes an increase in expense of \$3.4 million for technology related consulting fees along with increased expenses related to travel and other consulting expenses.

Income Taxes

	Three Months Ended		Effective Tax Rate	
	June 30, 2025	June 30, 2024	2025	2024
	<i>(in thousands)</i>			
Income tax provision	\$ 4,018	\$ 14,779	20.6 %	22.1 %

The Company's estimated annual 2025 effective tax rate, excluding discrete events, is expected to be approximately 24.5%.

During the three months ended June 30, 2025, the Company recorded an excess tax benefit of \$4.1 million as compared to \$1.3 million during the same period in 2024. The excess tax benefit is related to the timing of stock option exercises as a result of our high stock price during the three months ended June 30, 2025 and 2024, respectively.

Segment Operating Results for Six Months Ended June 30, 2025 and Six Months Ended June 30, 2024

	Six Months Ended				\$ Change	% Change
	June 30, 2025	Percent of Sales ¹	June 30, 2024	Percent of Sales ¹		
(in thousands)						
Net Sales ²						
AAON Oklahoma	\$ 346,958	54.8 %	\$ 435,867	75.7 %	\$ (88,909)	(20.4)%
AAON Coil Products	152,488	24.1 %	55,620	9.7 %	96,868	174.2 %
BASX	134,175	21.2 %	84,178	14.6 %	49,997	59.4 %
Net sales	\$ 633,621		\$ 575,665		\$ 57,956	10.1 %
Cost of Sales ²						
AAON Oklahoma	\$ 258,102	74.4 %	273,586	62.8 %	\$ (15,484)	(5.7)%
AAON Coil Products	107,140	70.3 %	34,322	61.7 %	72,818	212.2 %
BASX	99,286	74.0 %	62,421	74.2 %	36,865	59.1 %
Cost of sales	\$ 464,528	73.3 %	\$ 370,329	64.3 %	\$ 94,199	25.4 %
Gross Profit ²						
AAON Oklahoma	\$ 88,856	25.6 %	\$ 162,281	37.2 %	\$ (73,425)	(45.2)%
AAON Coil Products	45,348	29.7 %	21,298	38.3 %	24,050	112.9 %
BASX	34,889	26.0 %	21,757	25.8 %	13,132	60.4 %
Gross profit	\$ 169,093	26.7 %	\$ 205,336	35.7 %	\$ (36,243)	(17.7)%

¹ Cost of sales and gross profit for each segment are calculated as a percentage of the respective segment's net sales. Total cost of sales and total gross profit are calculated as a percentage of total net sales.

² Presented after intercompany eliminations.

Total net sales increased \$58.0 million, or 10.1%. AAON Oklahoma had net sales of \$347.0 million, a decrease of 20.4% compared to the same period in the prior year. This decrease was driven by supply chain issues from the refrigerant transition at the beginning of the year and coil supply shortages in the second quarter due to our ERP implementation at our Longview, Texas facility which slowed production of coils made for our Tulsa plant. Sales were up 174.2% for AAON Coil Products primarily driven by growth in BASX branded products of \$106.3 million for a large liquid cooling data center. AAON branded products declined \$9.4 million due to disruptions caused by our ERP implementation. BASX net sales were up 59.4% to \$134.2 million due to the continued demand for data center solutions.

Gross profit decreased \$36.2 million or 17.7% and from 35.7% of sales to 26.7% of sales. 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 \$5.3 million in cost of sales with minimal net sales to offset this cost for the AAON Oklahoma segment. AAON Coil Products 860 basis point drop in gross profit margin is a result of slower production from implementing our ERP system at the beginning of the second quarter.

Raw Material Costs

Six-month average raw material cost per pound as of June 30:

	2025	2024	% Change
Copper	\$ 5.99	\$ 5.43	10.3 %
Galvanized steel	\$ 0.58	\$ 0.58	— %
Stainless steel	\$ 1.92	\$ 2.65	(27.5)%
Aluminum	\$ 2.36	\$ 2.36	— %

Selling, General and Administrative Expenses

	Six Months Ended		Percent of Sales	
	June 30, 2025	June 30, 2024	2025	2024
	<i>(in thousands)</i>			
Warranty	\$ 6,810	\$ 6,718	1.1 %	1.2 %
Profit sharing	5,335	11,077	0.8 %	1.9 %
Salaries & benefits	33,554	29,899	5.3 %	5.2 %
Stock compensation	5,747	5,085	0.9 %	0.9 %
Advertising	2,671	1,604	0.4 %	0.3 %
Depreciation & amortization	14,228	8,136	2.2 %	1.4 %
Insurance	4,167	4,008	0.7 %	0.7 %
Professional fees	3,262	5,861	0.5 %	1.0 %
Memphis incentive fee	6,105	—	1.0 %	— %
Donations	484	925	0.1 %	0.2 %
Other	28,077	17,870	4.4 %	3.1 %
Total SG&A	<u>\$ 110,440</u>	<u>\$ 91,183</u>	<u>17.4 %</u>	<u>15.8 %</u>

Selling, general and administrative expenses increased \$19.3 million for the six months ended June 30, 2025, from the prior year period. Profit sharing is down as a result of our lower earnings in the period. Salaries and benefits have increased as we add additional headcount to help build out our organizational capacity for future growth. Depreciation and amortization increased \$6.1 million during the period due to increased investments from our ERP implementation. We incurred approximately \$6.1 million in incentive fees due to our real estate broker associated with the acquisition of our Memphis, Tennessee plant for a percentage of the incentives awarded to us by various entities. Other includes an increase in expense of \$5.7 million for technology related consulting fees along with increased expenses related to travel and other consulting expenses.

Income Taxes

	Six Months Ended		Effective Tax Rate	
	June 30, 2025	June 30, 2024	2025	2024
	<i>(in thousands)</i>			
Income tax provision	\$ 7,209	\$ 22,571	13.9 %	19.8 %

During the six months ended June 30, 2025, the Company recorded an excess tax benefit of \$9.0 million as compared to \$6.7 million during the same period in 2024. The excess tax benefit is related to the timing of stock option exercises as a result of our high stock price during the six months ended June 30, 2025 and 2024, respectively.

Liquidity and Capital Resources

Our working capital and capital expenditure requirements are generally met through net cash provided by operations and the use of the revolving bank line of credit based on our current liquidity at the time.

Working Capital - Our unrestricted cash remained stable at a nominal amount from December 31, 2024 to June 30, 2025. Our restricted cash decreased \$5.2 million due to funding requirements related to our Longview, Texas expansion.

Outstanding Debt - On December 16, 2024, we entered into the Third Amendment and Restated Loan Agreement dated November 24, 2021, to include an \$80.0 million term loan payable in equal monthly installments, plus interest, over 60 months, expiring December 16, 2029 (“Term Loan”). The agreement provided for a \$200.0 million revolving credit facility and an option to increase the maximum borrowings to \$300.0 million. In April 2025, we increased our available Revolver to \$230.0 million, an increase of \$30.0 million, to fund our additional working capital needs.

On May 29, 2025, we entered into the Fifth Amendment to the Amended and Restated Loan Agreement dated November 24, 2021 (as amended, “Amended Loan Agreement”) whereby the remaining balance of the Term Loan, approximately \$72.0 million, was rolled into the amended Revolving Loan (“Amended Revolver”), the capacity of which was increased from \$230.0 million to \$500.0 million. The Amended Revolver is prepayable without penalty.

As of June 30, 2025 and December 31, 2024, we had \$317.3 million and \$76.5 million outstanding under the Amended Revolver, respectively. We have one standby letter of credit totaling \$0.7 million as of June 30, 2025 and one standby letter of credit totaling \$0.3 million as of December 31, 2024. At June 30, 2025, we have \$182.1 million of borrowings available under the Amended Revolver. The Amended Revolver expires May 27, 2030.

The Term Loan had no outstanding balance as of June 30, 2025 and a balance of \$78.4 million as of December 31, 2024 respectively.

Any outstanding loans under the Revolver bear interest at the daily compounded secured overnight financing rate (“SOFR”) plus the applicable margin. The Term Loan bears interest at the SOFR plus a credit spread adjustment of 0.10% per annum plus the Applicable Margin.

Applicable margin, ranging from 1.25% - 1.75%, is determined quarterly based on the Company’s leverage ratio. The Company is also subject to letter of credit fees, ranging from 1.25% - 1.75%, and a commitment fee, ranging from 0.10% - 0.20%. The applicable fee percentage is determined quarterly based on the Company’s leverage ratio.

Fees associated with the unused portion of the committed amount are included in interest expense on our consolidated statements of income for the three and six months ended June 30, 2025 and 2024.

Weighted average interest rate of our borrowings outstanding are as follows:

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revolver	5.6%	6.6%	5.6%	6.6%
Term loan	5.7%	* ¹	5.7%	* ¹

¹ Funds were borrowed on December 16, 2024. No borrowings outstanding during the six months ended June 30, 2024.

If SOFR cannot be determined pursuant to the definition, as defined by the Amended Loan Agreement, any outstanding effected loans will be deemed to have been converted into alternative base rate (“ABR”) loans. ABR loans would bear interest at a rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus 0.50%, or (c) daily simple SOFR for a one-month tenor in effect on such day plus 1.00%. As of December 16, 2024, as defined by the Amended Loan Agreement, if the SOFR cannot be determined any outstanding balance will bear interest at the Prime Rate in effect on such day.

At June 30, 2025, we were in compliance with our financial covenants, as defined by the Amended Loan Agreement. These covenants require that we meet certain parameters related to our leverage ratio. At June 30, 2025, our leverage ratio was 1.4 to 1.0, which meets the requirement of not being above 3 to 1.

2019 New Markets Tax Credit - On October 24, 2019, the Company entered into a transaction with a subsidiary of an unrelated third-party financial institution (the “2019 Investor”) and a certified Community Development Entity under a qualified New Markets Tax Credit (“2019 NMTC”) program pursuant to Section 45D of the Internal Revenue Code of 1986, as amended, related to an investment in plant and equipment to facilitate the expansion of our Longview, Texas manufacturing operations (the “2019 Project”). In connection with the 2019 NMTC transaction, the Company received a \$23.0 million NMTC allocation for the 2019 Project and secured low interest financing and the potential for future debt forgiveness related to the expansion of its Longview, Texas facilities.

Upon closing of the 2019 NMTC transaction, the Company provided an aggregate of approximately \$15.9 million to the 2019 Investor, in the form of a loan receivable, with a term of 25 years, bearing an interest rate of 1.0%. This \$15.9 million in proceeds plus capital contributed from the 2019 Investor was used to make an aggregate \$22.5 million loan to a subsidiary of

the Company. This financing arrangement is secured by equipment at the Company's Longview, Texas facilities, and a guarantee from the Company, including an unconditional guarantee of the NMTCs.

2023 New Markets Tax Credit - On April 25, 2023, the Company entered into a transaction with a subsidiary of an unrelated third-party financial institution (the "2023 Investor") and a certified Community Development Entity under a qualified New Markets Tax Credit ("2023 NMTC") program pursuant to Section 45D of the Internal Revenue Code of 1986, as amended, related to an investment in plant and equipment to facilitate the expansion of our Longview, Texas manufacturing operations (the "2023 Project"). In connection with the 2023 NMTC transaction, the Company received a \$23.0 million NMTC allocation for the 2023 Project and secured low interest financing and the potential for future debt forgiveness related to the expansion of its Longview, Texas facilities.

Upon closing of the 2023 NMTC transaction, the Company provided an aggregate of approximately \$16.7 million to the 2023 Investor, in the form of a loan receivable, with a term of 25 years, bearing an interest rate of 1.0%. This \$16.7 million in proceeds plus capital contributed from the 2023 Investor was used to make an aggregate \$23.8 million loan to a subsidiary of the Company. This financing arrangement is secured by a guarantee from the Company, including an unconditional guarantee of the NMTCs. The unused net proceeds from the closing of the 2023 NMTC are included in restricted cash on our consolidated balance sheets required to be used for the 2023 Project.

2024 New Markets Tax Credit

On February 27, 2024, the Company entered into a transaction with a subsidiary of an unrelated third-party financial institution (the "2024 Investor") and a certified Community Development Entity under a qualified New Markets Tax Credit ("2024 NMTC") program pursuant to Section 45D of the Internal Revenue Code of 1986, as amended, related to an investment in real estate to facilitate 2023 Project. In connection with the 2024 NMTC transaction, the Company received a \$15.5 million NMTC allocation for the 2023 Project and secured low interest financing and the potential for future debt forgiveness related to the expansion of its Longview, Texas facilities.

Upon closing of the 2024 NMTC transaction, the Company provided an aggregate of approximately \$11.0 million to the 2024 Investor, in the form of a loan receivable, with a term of 25 years, bearing an interest rate of 1.0%. This \$11.0 million in proceeds plus capital contributed from the 2024 Investor was used to make an aggregate \$16.0 million loan to a subsidiary of the Company. This financing arrangement is secured by a guarantee from the Company, including an unconditional guarantee of the NMTCs. The unused net proceeds from the closing of the 2024 NMTC are included in restricted cash on our consolidated balance sheets required to be used for the 2023 Project.

Stock Repurchase - The Board has authorized stock repurchase programs for the Company. The Company may purchase shares on the open market from time to time. The Board must authorize the timing and amount of these purchases and all repurchases are in accordance with the rules and regulations of the SEC allowing the Company to repurchase shares from the open market.

Our open market repurchase programs are as follows:

Effective Date	Authorized Repurchase \$	Expiration Date
November 3, 2022	\$50 million ¹	February 27, 2024
February 27, 2024	\$50 million ¹	June 4, 2024
June 4, 2024	\$50 million ²	June 14, 2024
February 27, 2025	\$100 million	** ^{3, 4}

¹ Repurchases made in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended.

² Repurchases made in accordance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended.

³ Expiration Date is at Board's discretion. The Company is authorized to effectuate repurchases of the Company's common stock on terms and conditions approved in advance by the Board. As of June 30, 2025, approximately \$70.0 million remains under the current board authorization.

⁴ As of June 30, 2025, approximately \$30.0 million of shares have been repurchased in accordance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended.

The Company also repurchases shares of AAON, Inc. stock related to our LTIP plans (Note 14) at current market prices.

Our repurchase activity is as follows:

Six Months Ended						
June 30, 2025				June 30, 2024		
<i>(in thousands, except share and per share data)</i>						
Program	Shares	Total \$	\$ per share	Shares	Total \$	\$ per share
Open market	371,139	\$ 29,992	\$ 80.81	1,353,564	\$ 100,034	\$ 73.90
LTIP shares ¹	91,550	9,167	100.13	42,573	3,493	82.05
Total	462,689	\$ 39,159	\$ 84.63	1,396,137	\$ 103,527	\$ 74.15

¹ Includes stock repurchased for payment of statutory tax withholding and/or stock repurchased to cover the strike price of stock options.

Dividends - At the discretion of the Board, we pay cash dividends. Board approval is required to determine the date of declaration and amount for each cash dividend payment.

Our recent cash dividends are as follows:

Declaration Date	Record Date	Payment Date	Dividend per Share	Annualized Dividend per Share
March 5, 2024	March 18, 2024	March 29, 2024	\$0.08	\$0.32
May 24, 2024	June 7, 2024	June 28, 2024	\$0.08	\$0.32
August 15, 2024	September 6, 2024	September 27, 2024	\$0.08	\$0.32
November 13, 2024	November 29, 2024	December 19, 2024	\$0.08	\$0.32
March 5, 2025	March 18, 2025	March 28, 2025	\$0.10	\$0.40
May 13, 2025	June 6, 2025	June 27, 2025	\$0.10	\$0.40

Based on historical performance and current expectations, we believe our cash and cash equivalents balance, the projected cash flows generated from our operations, our existing committed revolving credit facility (or comparable financing) and our expected ability to access capital markets will satisfy our working capital needs, capital expenditures, and other liquidity requirements associated with our operations in 2025 and the foreseeable future.

Off-Balance Sheet Arrangements - We are not party to any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures, or capital resources.

Statement of Cash Flows

The following table reflects the major categories of cash flows for the six months ended June 30, 2025 and 2024. For additional details, see the consolidated financial statements.

	Six Months Ended	
	June 30, 2025	June 30, 2024
	(in thousands)	
Operating Activities		
Net Income	\$ 44,779	\$ 91,244
Income statement adjustments, net	46,135	38,359
Changes in assets and liabilities:		
Accounts receivable	(23,409)	(12,210)
Income taxes	(3,187)	(6,139)
Inventories	(47,848)	29,903
Contract assets	(97,963)	(22,977)
Prepaid expenses and other long-term assets	(68)	(2,708)
Accounts payable	36,397	(1,804)
Contract liabilities	18,839	13,105
Extended warranties	(148)	1,195
Accrued liabilities & other long-term liabilities	(4,567)	(56)
Net cash (used in) provided by operating activities	<u>(31,040)</u>	<u>127,912</u>
Investing Activities		
Capital expenditures	(82,515)	(65,381)
Acquisition of intangible assets	(7,042)	(10,058)
Other	65	42
Net cash used in investing activities	<u>(89,492)</u>	<u>(75,397)</u>
Financing Activities		
Proceeds from financing obligations, net of issuance costs	—	4,186
Payment related to financing costs	(1,395)	(417)
Borrowings of debt	415,126	272,526
Payments of debt	(252,982)	(224,970)
Stock options exercised	10,025	15,821
Repurchase of stock	(29,992)	(100,034)
Employee taxes paid by withholding shares	(9,167)	(3,493)
Cash dividends paid to stockholders	(16,276)	(13,079)
Net cash provided by (used in) financing activities	<u>\$ 115,339</u>	<u>\$ (49,460)</u>

Cash Flows Provided by Operating Activities

The Company currently manages cash needs through working capital as well as drawing on its line of credit. Collections and payments cycles are on a normal pattern and fluctuate due to timing of receipts and payments. Historically, the Company increases the purchase of inventory to take advantage of favorable pricing opportunities and also to mitigate the impact of future supply chain disruptions on our operations. Additionally, we continue to make significant purchases of inventory related to data center orders. These purchases are allocated to customer jobs and show as increases to our contract assets.

Current payment terms for BASX jobs primarily require the Company to fund the upfront working capital resulting in cash outflows related to our contract assets.

Cash Flows Used in Investing Activities

Capital expenditures during the six months ended June 30, 2025, relate to additional infrastructure and machinery for both replacement and production growth, finalizing our new production space in our Redmond, Oregon and Longview, Texas locations, additional equipment and production capacity in Parkville, Missouri, and new equipment for our Memphis,

Tennessee facility. We have also made investments to purchase or develop software for internal use in anticipation of future Company growth.

The capital expenditure program for 2025 is estimated to be approximately \$220.0 million. Many of these projects are subject to review and cancellation at the discretion of our CEO and Board of Directors without incurring substantial charges.

Cash Flows Provided by Financing Activities

The change in cash from financing activities in 2025 is primarily related to borrowings under our revolving credit facility to manage our working capital needs, especially strategic purchases of inventory to avoid supply chain delays and the funding of certain capital expenditures, offset by repayments we were able to make due to our operating results and financial condition.

During the six months ended June 30, 2025, we repurchased \$30.0 million under our open market share repurchase programs. Furthermore, cash flows from financing activities is historically affected by the timing of stock options exercised by our employees.

Commitments and Contractual Obligations

We are occasionally party to short-term and long-term, cancellable and occasionally non-cancellable, contracts with suppliers for the purchase of raw material and component parts. We expect to receive delivery of raw material and component parts for use in our manufacturing operations. These contracts are not accounted for as derivative instruments because they meet the normal purchase and normal sales exemption. We had no material contractual purchase obligations as of June 30, 2025, except as described below.

In 2023, the Company executed a five-year purchase commitment for refrigerants. Payments made in satisfaction of the purchase commitment were approximately \$1.5 million and \$2.1 million the three and six months ended June 30, 2025, respectively, as compared to \$3.0 million and \$6.6 million for the three and six months ended June 30, 2024, respectively. Estimated minimum future payments are \$7.0 million, \$10.5 million, and \$11.2 million for 2025, 2026, and 2027, respectively.

Critical Accounting Policies

There have been no material changes in the Company's critical accounting policies during the six months ended June 30, 2025.

Recent Accounting Pronouncements

See Note 1 of the Notes to the Consolidated Financial Statements for a discussion of recent accounting pronouncements.

Forward-Looking Statements

This Quarterly Report on Form 10-Q (or statements otherwise made by the Company or on the Company's behalf from time to time in other reports, filings with the Securities and Exchange Commission ("SEC"), news releases, conferences, website postings, presentations or otherwise) includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements contained herein that are not historical facts are forward-looking statements and involve risks and uncertainties. For all of these forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "confident", "outlook", "project", "should", "will", and variations of such words and other words of similar meaning or 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. Important factors that could cause results to differ materially from those in the forward-looking statements include, among others:

- market conditions and customer demand for our products;
- the timing and extent of changes in raw material and component prices;
- naturally-occurring events, pandemics, and other disasters causing disruption to our manufacturing operations, product deliveries and production capacity;
- changes in U.S. or foreign trade policies, including additional tariffs or global trade conflicts;

- the impact caused by inflationary cost pressures, national or global health issues, such as the coronavirus pandemic (“COVID-19”), any variants or similar outbreaks (including the response thereto) and their effects on, among other things, demand for our products, supply chain disruptions, our liquidity and financial position, results of operations, stock price, payment of dividends, our ability to secure new orders, our ability to convert backlog to revenue and impacts to the operations status of our facilities;
- natural disasters and extreme weather conditions, including, without limitation, their effects on locations where our products are manufactured;
- the effects of fluctuations in the commercial/industrial new construction market;
- the timing of introduction and market acceptance of new products;
- the timing and extent of changes in interest rates, as well as other competitive factors during the year;
- general economic, market or business conditions;
- tightening of labor markets and the ability to hire employees for continued growth
- creditworthiness of our customers and their access to capital;
- changing technologies;
- the material failure, interruption of service, compromised data or information technology security, phishing emails, cybersecurity breaches or other impacts to our information technology and related systems and networks (including any of the foregoing of third-party vendors and other contractors who provide information technology or other services);
- costs and results of litigation, including trial and appellate costs;
- economic, market or business conditions in the specific industry and market in which our businesses operate;
- future levels of capital expenditures, research and development and indebtedness, including, without limitation, our ability to reduce indebtedness and risks associated with the same;
- legal, regulatory, and environmental issues, including, without limitation, compliance of our products with mandated standards and specifications; and
- integration of acquired businesses and our ability to realize synergies and cost savings.

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. Except as required by federal securities laws, we undertake no obligation to update any forward-looking statement to reflect events, occurrences or developments after the date on which such statement is made. For a discussion of risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, please see Item 1A “Risk Factors” included in our Annual Report on Form 10-K, and as otherwise disclosed from time to time in our other filings with the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Commodity Price Risk

We are exposed to volatility in the prices of commodities used in some of our products and we may use cancellable and non-cancellable contracts with our major suppliers for periods of six to 18 months to manage this exposure.

Interest Rate Risk

We are exposed to changes in interest rates related to our outstanding debt. As of June 30, 2025, we had an outstanding balance of \$317.3 million on our combined Revolver and Term Loan. For each one percentage point increase in the interest rate applicable to our outstanding debt, our annual income before taxes would decrease by approximately \$3.2 million.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer with the oversight of the Audit Committee, regarding the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded, as of the end of the period covered by this Quarterly Report, that our disclosure controls and procedures were effective.

(c) Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 19 of the Notes to the Consolidated Financial Statements.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024. The risk factors described in our Annual Report could materially adversely affect our business, financial condition or future results. There have been no material changes to the risk factors included in our 2024 Annual Report.

Item 2. Unregistered Sales of Equity and Securities and Use of Proceeds.

Stock Repurchases

The Company may repurchase AAON, Inc. stock on the open market from time to time. For six months ended June 30, 2025, we have repurchased a total of approximately 0.4 million shares (at current market prices) under the current \$100 million open market stock buyback program, approved by the Board of Directors on February 27, 2025, for an aggregate price of \$30.0 million, or an average price of \$80.81 per share. The Board must authorize the timing and amount of these purchases and all repurchases are in accordance with the rules and regulations of the SEC allowing the Company to repurchase shares from the open market.

The Company also repurchases shares of AAON, Inc. stock from employees for payment of statutory tax withholdings on stock transactions and/or stock repurchased to cover the strike price of stock options. For six months ended June 30, 2025, we repurchased approximately 91.6 thousand shares (at current market prices) for an aggregate price of \$9.2 million, or an average price of \$100.13 per share.

Repurchases during the second quarter of 2025 were as follows:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid Per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be Purchased under the Plans or Programs
April 2025	1,756	\$ 79.16	1,756	—
May 2025	6,112	103.57	6,112	—
June 2025	1,018	81.53	1,018	—
Total	8,886	\$ 96.22	8,886	—

Contingent Shares Issued in BASX Acquisition

In December 2021, we closed on the acquisition of BASX. Under the MIPA Agreement, we committed to \$78.0 million in the aggregate of contingent consideration to the former owners of BASX, which is payable in approximately 1.6 million shares of the Company's common stock, par value \$0.004 per share. The shares do not accrue dividends.

Under the MIPA Agreement, the issuance of shares to the former owners of BASX was contingent upon BASX meeting certain post-closing earn-out milestones during each of the years ended 2021, 2022, and 2023. In March 2024, we issued the remaining 0.2 million shares related to the earn-out milestone for the year ended 2023. As a result of the shares issued in March 2024, the tax basis exceeded the book basis for consideration paid resulting in a deferred tax asset and an increase to additional paid-in capital of \$6.4 million, respectively, on our consolidated balance sheet. The deferred tax asset is expected to be amortized over 15 years. We previously issued 0.6 million shares in March 2023, related to the earn-out milestone for the year ended 2022. All shares have been issued as private placements exempt from registration with the SEC under Rule 506(b) and are included in common stock on the consolidated statements of stockholders' equity.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 4A. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.***Rule 10b5-1 Trading Arrangements***

The following table describes contracts, instructions or written plans for the purchase or sale of our securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).

Name and Title of Director or Officer	Date of Adoption of Arrangement	Duration of the Arrangement	Aggregate Number of Securities to be Purchased or Sold Pursuant to the Arrangement
Stephen E. Wakefield <i>Executive Vice President</i>	March 14, 2024	Terminated July 12, 2024	29,946
Rebecca A. Thompson <i>Chief Financial Officer</i>	December 13, 2024	December 31, 2025	91,500

Item 6. Exhibits.

Exhibit #	Description
(3.1)	Amended and Restated Articles of Incorporation (i)
(3.2)	Amended and Restated Bylaws of AAON, Inc. effective March 9, 2023 (ii)
(4.1)	Amended and Restated Loan Agreement (dated November 24, 2021) and related documents (iii)
(4.2)	First Amendment to the Amended and Restated Loan Agreement (dated May 27, 2022) and related documents (iv)
(4.3)	Third Amendment to the Amended and Restated Loan Agreement (dated December 16, 2024) and related documents (v)
(4.4)	Fifth Amendment to the Amended and Restated Loan Agreement (dated May 29, 2025) and related documents (vi)
(4.16)	Description of Securities (vii)
(10.1)	AAON, Inc. 2016 Long-Term Incentive Plan (viii)
(10.2)	AAON, Inc. 2024 Long-Term Incentive Plan (ix)
(31.1)	Certification by Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31.2)	Certification by Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32.1)	Certification by Chief Executive Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(32.2)	Certification by Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(99.1)	Membership Interest Purchase Agreement - Acquisition of BASX, LLC (dated November 18, 2021) (x)
(101)	Interactive data files pursuant to Rule 405 of Regulation S-T formatted in iXBRL (Inline Extensible Business Reporting Language): (i) our Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024; (ii) our Consolidated Statements of Income for the six months ended June 30, 2025 and 2024; (iii) our Consolidated Statements of Stockholders' Equity for the six months ended June 30, 2025 and 2024; (iv) our Consolidated Statements of Cash Flows for the six months ended June 30, 2025 and 2024; and (v) the notes to our Consolidated Financial Statements.
(104)	Cover Page Interactive Data File pursuant to Rule 406 of Regulation S-T formatted in iXBRL (Inline Extensible Business Reporting Language) and contained in Exhibit 101.
	(i) Incorporated herein by reference to the exhibit to our Form 10-Q dated June 30, 2024.
	(ii) Incorporated herein by reference to the exhibit to our Form 8-K dated March 9, 2023.
	(iii) Incorporated herein by reference to exhibit to our Form 8-K dated November 24, 2021.
	(iv) Incorporated herein by reference to the exhibits to our Form 8-K dated May 27, 2022.
	(v) Incorporated herein by reference to the exhibits to our Form 8-K dated December 16, 2024.
	(vi) Incorporated herein by reference to the exhibits to our Form 8-K dated May 29, 2025.
	(vii) Incorporated herein by reference to exhibits to our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.
	(viii) Incorporated herein by reference to our Form S-8 Registration Statement No. 333-212863 dated August 2, 2016, our Form S-8 Registration Statement No. 333-226512 dated August 2, 2018, and our Form S-8 Registration Statement No. 333-241538 dated August 6, 2020.
	(ix) Incorporated herein by reference to our Form S-8 Registration Statement No. 333-279594 dated May 21, 2024 and our Form S-8 POS Registration Statement No. 333-241538 dated June 25, 2024.
	(x) Incorporated herein by reference to exhibits to our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AAON, INC.

Dated: August 11, 2025

By: /s/ Matthew J. Tobolski
Matthew J. Tobolski
Chief Executive Officer

Dated: August 11, 2025

By: /s/ Rebecca A. Thompson
Rebecca A. Thompson
Chief Financial Officer

CERTIFICATION

I, Matthew J. Tobolski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AAON, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2025

/s/ Matthew J. Tobolski

Matthew J. Tobolski
Chief Executive Officer

CERTIFICATION

I, Rebecca A. Thompson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AAON, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2025

/s/ Rebecca A. Thompson

Rebecca A. Thompson
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AAON, Inc. (the “Company”), on Form 10-Q for the quarter ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Matthew J. Tobolski, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 11, 2025

/s/ Matthew J. Tobolski

Matthew J. Tobolski
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AAON, Inc. (the “Company”), on Form 10-Q for the quarter ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Rebecca A. Thompson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 11, 2025

/s/ Rebecca A. Thompson

Rebecca A. Thompson
Chief Financial Officer