



35 years of industry-defining innovation.

2023 Annual Report



2023 Annual Report

About AAON

AAON is a leader in HVAC solutions for commercial and industrial indoor environments.

Product Family



Air Handling Units
INDOOR AND OUTDOOR
(800-72,000 CFM)



Air-Source Heat Pumps
(2-70 TONS)



Condensers and Condensing Units
(2-70 TONS)

Controls

Custom Air Handling Units
-BASX

Our 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.



Data Center and Cleanroom Units

-BASX



Geothermal and Water-Source Heat Pumps

(2-70 TONS)



Self-Contained Units

(3-70 TONS)

Rooftop Units

(2-240 TONS)

“2023 marked our 35th anniversary as a company, and it lined up with some outstanding achievements. Most notably, we surpassed \$1.0 billion in sales for the first time in company history.”

—Gary Fields, CEO

Financial Highlights

	2023	2022	2021	2020	2019
Income Data (\$000 except per share data)					
NET SALES	1,168,518	888,788	534,517	514,551	469,333
GROSS PROFIT	399,020	237,572	137,830	155,849	119,425
OPERATING INCOME	227,494	126,761	69,253	101,836	67,011
INTEREST INCOME (EXPENSE), NET	(4,843)	(2,627)	(132)	88	66
DEPRECIATION AND AMORTIZATION	46,468	35,106	30,343	25,634	22,766
PRE-TAX INCOME	223,154	124,533	69,182	101,975	67,031
NET INCOME	177,623	100,376	58,758	79,009	53,711
EARNINGS PER SHARE-BASIC ²	2.19	1.26	0.75	1.01	0.69
EARNINGS PER SHARE-DILUTED ²	2.13	1.24	0.73	0.99	0.68
Balance Sheet (\$000 except per share data)					
WORKING CAPITAL	282,205	203,549	131,312	161,218	131,521
CURRENT ASSETS	408,954	349,116	218,080	220,251	187,549
NET FIXED ASSETS	369,947	304,745	258,062	223,340	178,094
ACCUMULATED DEPRECIATION	283,485	245,026	224,146	203,125	179,242
CASH AND CASH EQUIVALENTS	287	5,451	2,859	79,025	26,797
TOTAL ASSETS	941,436	813,903	650,180	449,008	371,424
CURRENT LIABILITIES	126,749	145,567	86,768	59,033	56,028
LONG-TERM DEBT	50,522	77,453	46,406	6,363	6,320
STOCKHOLDERS' EQUITY	735,224	560,714	466,170	350,865	290,140
STOCKHOLDERS' EQUITY PER DILUTED SHARE ²	8.83	6.91	5.78	4.41	3.67
Cash Flow Data (\$000)					
OPERATIONS	158,895	61,318	61,183	128,814	97,925
INVESTMENTS	(109,311)	(76,213)	(158,719)	(61,273)	(37,046)
FINANCING	(46,510)	17,357	18,735	(29,626)	(18,500)
NET INCREASE (DECREASE) IN CASH	3,074	2,462	(78,801)	37,915	42,379
Ratio Analysis					
GROSS PROFIT	34.1%	26.7%	25.8%	30.3%	25.4%
RETURN ON AVERAGE EQUITY	27.4%	19.5%	14.4%	24.7%	19.9%
RETURN ON AVERAGE ASSETS	20.2%	13.7%	10.7%	19.3%	15.8%
PRE-TAX INCOME ON SALES	19.1%	14.0%	12.9%	19.8%	14.3%
NET INCOME ON SALES	15.2%	11.3%	11.0%	15.4%	11.4%
TOTAL LIABILITIES TO EQUITY	28.0%	45.2%	39.5%	28.0%	28.0%
QUICK RATIO ¹	1.2	0.9	1.0	2.3	2.0
CURRENT RATIO	3.2	2.4	2.5	3.7	3.3
YEAR-END PRICE EARNINGS RATIO	34.7	40.5	72.9	44.7	48.4

¹ = (Cash, cash equivalents and restricted cash + investments + receivables) / current liabilities

² Reflects three-for-two stock split effective August 16, 2023.

Timeline

1988

AAON, an Oklahoma corporation, was founded.

Purchase of John Zink Air Conditioning Division.

1989

AAON purchased, renovated, and moved into a 184,000 square foot plant in Tulsa, Oklahoma.

Introduced a new product line of rooftop heating and air conditioning units 2–140 tons.

1990

Listed on NASDAQ Small Cap—Symbol “AAON”.

1991

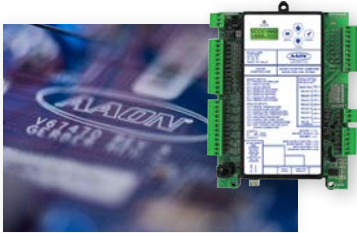
Formed AAON Coil Products, a Texas Corporation, as a subsidiary to AAON, Inc. (Nevada) and purchased coil making assets of Coil Plus.

AAON



2018

AAON acquires WattMaster Controls, Inc.



2015

AAON Low Leakage Dampers voted “Product of the Year” by Consulting Specifying Engineer magazine.



2012

AAON yearly shipments exceed \$300 million.

2010

AAON RQ Series win ACHR News Dealer Design award.

AAON RN Series rooftop unit named 2010 Product of the Year—Silver by Consulting-Specifying Engineer Magazine.

2019

AAON breaks ground on new facility in Longview, Texas.

AAON opens Norman Asbjornson Innovation Center.



2020

Founder Norman H. Asbjornson Transitions to Executive Chairman. Gary D. Fields assumes new role as CEO.

AAON exceeds \$500 million in sales.

AAON RN Series with Variable Speed Compressors voted “Most Valuable Product”.

2021

AAON introduces new low ambient air-source heat pump rooftop units.

AAON introduces the AAON Mobile Experience tour trailer.

AAON RZ Series Rooftop Unit named “Product of the Year” by readers of Consulting-Specifying Engineer magazine.

AAON acquires BASX Solutions.

BASX

2022

AAON Zero Degree Cold Climate AirSource Heat Pumps win ACHR Dealer Design award.

AAON exceeds \$880 million in sales.



1992

AAON acquires Coils Plus, Inc. and renovates the 110,000 square foot plant in Longview, Texas.



1993

Listed on the NASDAQ National Market System.

1995

Completed expansion of the Tulsa facility to 332,000 square feet.

1996

Purchased 40 acres with 457,000 square foot plant and 22,000 square foot office space located across from the Tulsa facility.

2003

Started production of polyurethane foam-filled double-wall construction panels for rooftop and chiller products using newly purchased manufacturing equipment.

2001

Introduced evaporative-cooled condensing energy savings feature.

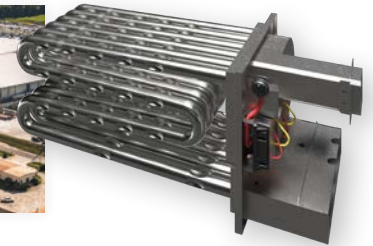
1999

Completed Tulsa, Oklahoma and Longview, Texas plant additions yielding a total exceeding one million square feet.

1998

AAON yearly shipments exceed \$100 million.

Received U.S. patent for Dimple Heat Exchanger Tube.



2023

Grand opening of the Customer Exploration Center.

AAON Longview announces new expansion plans for 230,000 square foot facility.

AAON launches Alpha Class.

AAON exceeds \$1 billion in sales.

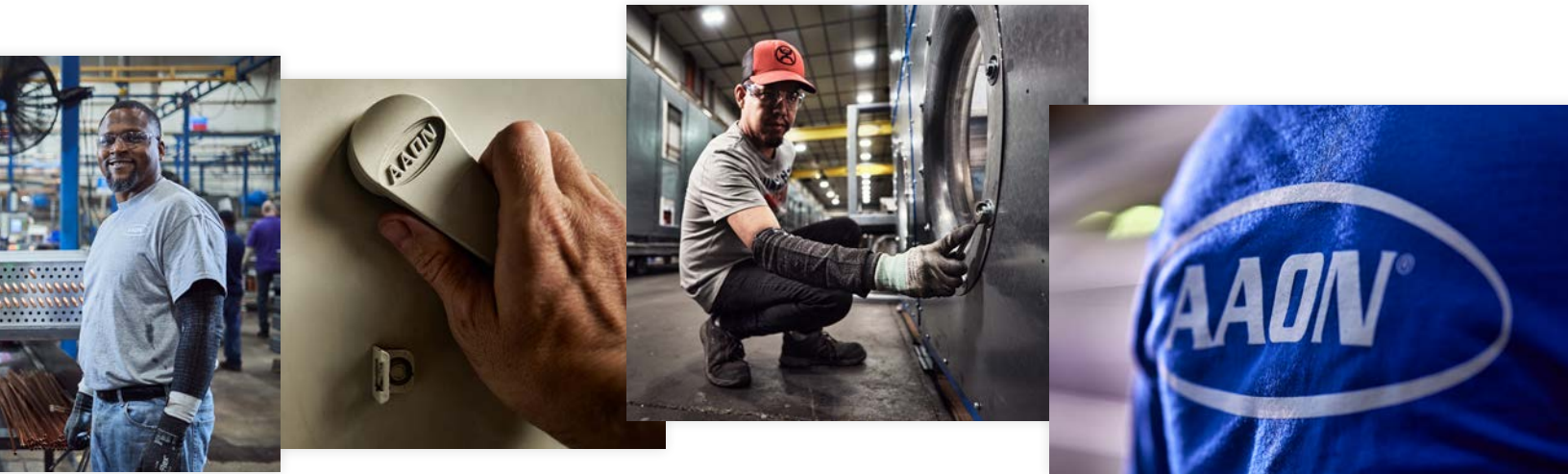


From the Chief Executive Officer

Executing Another Year of Record Performance

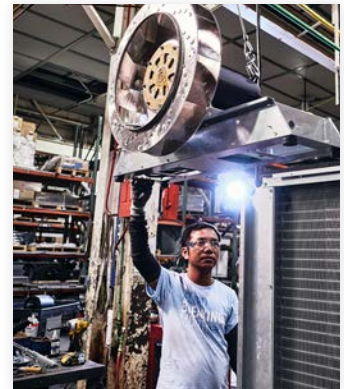


Last year was a special year for AAON in that it was the Company's 35th anniversary since being founded in 1988. Moreover, it was the first year that the Company surpassed \$1.0 billion in sales. Surpassing this milestone required one of the strongest years of performance in AAON's history. Organic sales grew 31.5%, including an increase in volume of 14.5%. The Company's core packaged rooftop business, which made up 68.8% of total sales in 2023, realized even more unit volume growth. This compared to the U.S. market which realized a 6.0% increase in units five tons and greater, the comparable tonnage category of our rooftop portfolio. The Company clearly continued to gain market share, a reflection of successful planning and execution of strategy. Last year also marked a strong year of profitability. Gross margin expanded 740 basis points to 34.1% and net income grew 77.0% to a record level for the second straight year.



REMAINING TRUE TO OUR FOUNDING PRINCIPLES

Thirty-five years ago, our founder, Norm Asbjornson, created AAON with one mission, manufacturing the best HVAC equipment in the world for the best value. This mission remains true today. Through a unique semi-custom design and manufacturing process which evolved over decades, AAON is providing the highest performing, most energy efficient equipment there is on the market. No other market competitor offers a solutions-based configurable portfolio of rooftop equipment that helps contractors and building owners maximize performance and efficiency as does AAON. Furthermore, continuous improvements in operational efficiencies have resulted in AAON products being the most cost competitive in Company history. We made great strides in this over the past two years. The price premium of AAON equipment versus alternative equipment in the market has never been smaller than it is today. This has made the AAON value proposition of the total cost of ownership immensely more compelling, allowing the Company to continue to gain share. Incremental investments made in 2023, including product development, sales & marketing, information technology and leadership, position us to accelerate share gains in the next several years.



MATT TOBOLSKI, PRESIDENT AND COO

AAON'S EVOLUTION CONTINUES

Since 2017, AAON has undergone significant changes in leadership, from both a structural and personnel standpoint. Today, the organization is managed by executive and senior leadership teams with layers of leaders below that have goals, responsibilities, structure and succession planning. These changes were critical to position the Company for long-term sustainable growth. In 2023, we took the next step in this evolution when we announced in November several changes in senior management. Along with promoting Matt Tobolski to President and COO of AAON, we established several new global roles to manage our four geographical locations more efficiently, both in respect to productivity and growth.

LEADING IN CLIMATE SOLUTIONS AND INNOVATION

The commercial HVAC market that AAON competes in is currently undergoing significant change driven by shifts in demand and increased regulations. These changes create challenges for most of the industry, and particularly for companies focused on mass production of basic equipment. Our unique design and manufacturing process which focuses on performance and energy efficiency, insulates AAON from the impact of shifts in the market related to energy efficiency, decarbonization and electrification as well as regulations focused on environmentally friendly equipment. In fact, these changes are a benefit to AAON as our products excel when the customer is focused on performance. Leading up to the higher minimum energy efficiency standards that the Department of Energy put into effect starting January 1, 2023, AAON's product portfolio fully met those standards years in advance, while most of the industry did not fully meet the minimum efficiency standards until the second half of 2022. Similarly, well ahead of the EPA's new regulation requiring manufacturers to utilize a lower Global Warming Potential (GWP) refrigerant, AAON began accepting orders of equipment with lower GWP refrigerant on January 1, 2024. We are proud to lead the way as the only manufacturer to our knowledge currently accepting orders for equipment with lower GWP refrigerant.

At the same time, AAON continues to innovate. In 2023, AAON introduced its newly branded Alpha Class heat pump rooftop units. *Alpha Class* is a fully electric heat pump operable down to zero degrees Fahrenheit. This product is significant in that it is the first viable climate solution to fulfilling electrification demands in the commercial rooftop market. Today, no other competitor has a heat pump on the market that is operable much lower than 25–30 degrees. The Company has always led the industry through innovation and expects to continue to push boundaries through innovation and climate solutions into the future.

These changes are a benefit to AAON as our products excel when the customer is focused on performance.



NEWLY BRANDED ALPHA CLASS



LEVERAGING THE CORE THROUGH OUR SALES CHANNEL

Historically, AAOB excelled in developing the most advanced HVAC equipment for the best value. While we have always valued our independently owned and operated sales channel, our investment in additional resources to help channel partners penetrate the market has been lacking. We see this as a significant opportunity and are now making such investments. In 2023, we began establishing a marketing department equipped with the resources to educate our sales channel and end-users of AAOB's value proposition. In addition, we finished construction of our Exploration Center last year. This facility showcases our equipment alongside market alternatives, and has quickly proved to be a valuable resource in the marketing of our equipment. We are also investing in more capacity to train our sales representatives and additional resources to help build out our channel partners' parts and services businesses. All of these investments are made with the intent of leveraging a premier product that has a superior value.

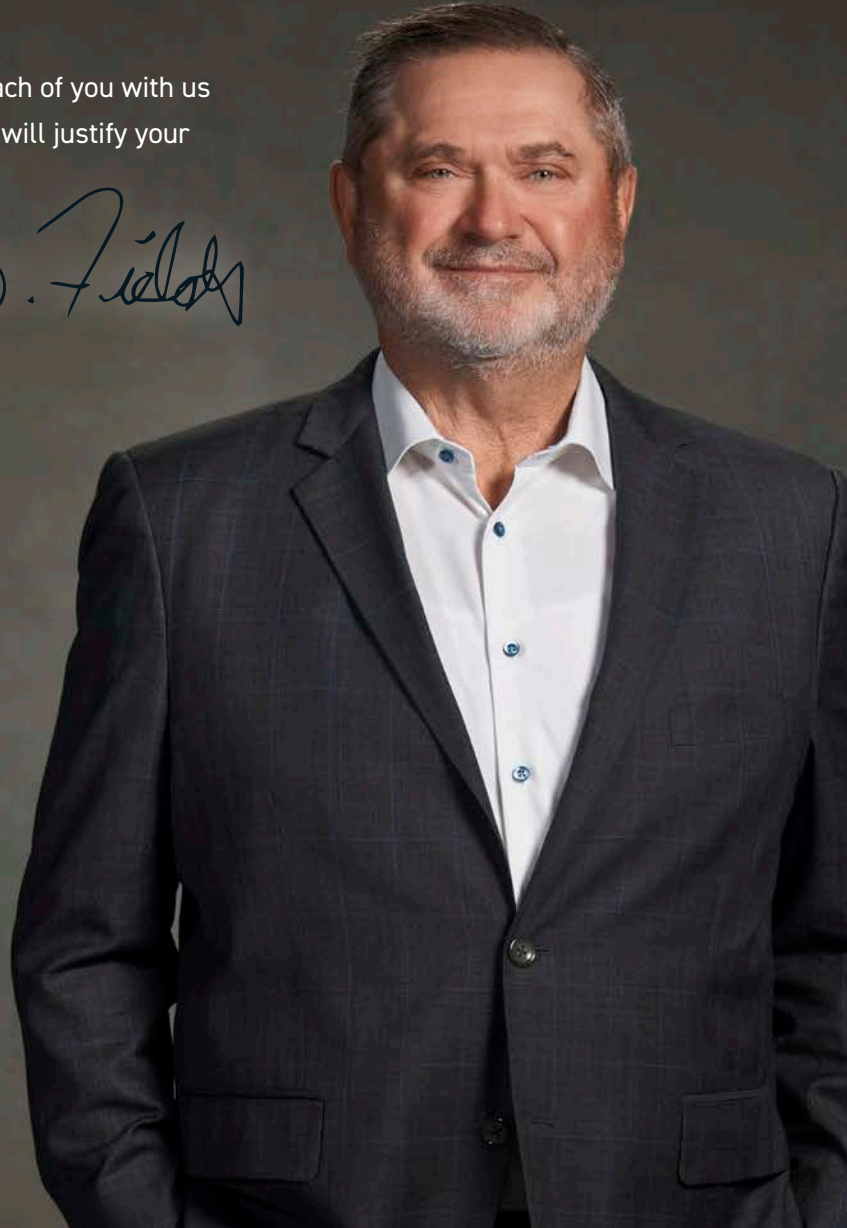
LOOKING FORWARD

AAON has a superior product offering and world class sales channel. This combination provides the Company with a strong foundation. Leveraging this with certain investments and strategies will result in further share gains in 2024 and beyond. Given the advancements we are making relative to the market, we will accomplish this while also being a leading contributor in reducing the carbon footprint of commercial buildings. The Company has never been more well managed than it is currently and we have never been more optimistic of the future than we are today.

To our stakeholders, we cannot achieve these results without your support and commitment. We continue to benefit from the total cooperation and dedicated service of our employees and independent sales representatives.

To our stockholders, we are honored to have each of you with us and look forward to delivering the returns that will justify your continued ownership.

Lang D. Fields



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

FORM 10-K

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

For the fiscal year ended December 31, 2023
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)	

Registrant's telephone number, including area code: (918) 583-2266

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	AAON	NASDAQ

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes No

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 or a smaller reporting company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act.) Yes No

The aggregate market value of the common equity held by non-affiliates computed by reference to the closing price of registrant's common stock on the last business day of registrant's most recently completed second quarter June 30, 2023 was \$4,193.6 million based upon the closing price reported for such date on the Nasdaq Global Select Market.

As of February 23, 2024, registrant had outstanding a total of 81,581,679 shares of its \$.004 par value Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of registrant's definitive Proxy Statement to be filed in connection with the 2024 Annual Meeting of Stockholders to be held May 21, 2024, incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein.

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Forward-Looking Statements

This Annual Report on Form 10-K (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;
- 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;
- 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 this Annual Report on Form 10-K, and as otherwise disclosed from time to time in our other filings with the SEC.

PART I

Item 1. Business.

Overview

AAON, Inc., a Nevada corporation, ("AAON Nevada") was incorporated on August 18, 1987. Our operating subsidiaries include AAON, Inc., an Oklahoma corporation ("AAON Oklahoma"), AAON Coil Products, Inc., a Texas corporation ("AAON Coil Products"), and BASX, Inc., an Oregon corporation ("BASX"). Unless the context otherwise requires, references in this Annual Report to "AAON", the "Company", "we", "us", "our", or "ours" refer to AAON Nevada and our subsidiaries.

AAON is a lead producer in heating, ventilation, and air conditioning ("HVAC") systems for commercial and industrial indoor environments. We are engaged in the engineering, manufacturing, and selling of premium heating, ventilation, and air conditioning equipment consisting primarily 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.

Business Segments

The Company conducts its business through three business segments: AAON Oklahoma, AAON Coil Products, and BASX.

AAON Oklahoma: AAON Oklahoma engineers, manufactures, and sells, semi-custom, and custom HVAC systems, designs and manufactures controls solutions, and sells retail parts to customers through retail part stores and online. AAON Oklahoma includes the operations of our Tulsa, OK and Parkville, MO 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, OK, 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, OK, our cutting-edge Customer 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, TX manufacturing facilities.

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, OR manufacturing facilities.

For more information on our business segments' financial position and results of operations, refer to Note 22, "Segments," of the notes to consolidated financial statements.

Business and Marketing Strategy

Our products serve the commercial, industrial, data center, and cleanroom markets within the HVAC equipment industry. Our business strategy involves mass semi-customization leveraging flexible computer-aided manufacturing systems to produce highly configurable equipment. We differentiate from other HVAC manufacturers by combining the low unit costs of mass production processes with the flexibility of individual customization.

Through a collaborative effort with our network of independent sales representatives, we engineer and manufacture products and systems that best serve the buyer's unique needs and applications.

Our go-to-market strategy is centered around customers and markets that demand HVAC equipment with extraordinary performance and durability, greater energy efficiency, and best overall value. We manufacture equipment with more configurability than other "standard" offerings found in the HVAC equipment industry and we do not manufacture equipment that has not been pre-specified by our customers with an emphasis on high customer satisfaction and reduced product delivery channel time.

Since day one, AAON has been dedicated to manufacturing and product leadership with innovation through research and development with a specific emphasis on energy performance, durability, efficiency, and indoor air quality.

As a result of our strategy to engineer and manufacture innovative HVAC products of the highest performance, efficiency, and value, we are naturally committed to meeting regulatory and certification standards of the relevant standard setting bodies, including the Air-Conditioning, Heating, and Refrigeration Institute (“AHRI”); the American National Standards Institute (“ANSI”); American Society of Heating, Refrigeration and Air-Conditioning Engineers (“ASHRAE”); the AMCA and the International Organization for Standardization (“ISO”).

To date, our sales have been primarily derived from the domestic market. Foreign sales accounted for approximately \$39.9 million, \$27.6 million, and \$14.8 million of our net sales in 2023, 2022, and 2021, respectively. As a percentage of net sales, foreign sales accounted for approximately 3.4%, 3.1%, and 3.0% of our net sales in each of those years, respectively.

Products - AAON Oklahoma and AAON Coil Products

Our rooftop and condensing units are primarily installed on commercial or industrial structures. Our air handling units, self-contained units, geothermal/water-source heat pumps, and coils are suitable for all sizes of commercial and industrial buildings.

The size of these markets is determined primarily by the number of commercial and industrial building completions and replacement demand from existing buildings. The replacement market consists of products installed to replace existing units/components that are worn or damaged and products to upgrade certain components, such as low leakage dampers, high efficiency heat exchangers and modern controls components.

The commercial and industrial new construction markets are subject to cyclical fluctuations in that they generally lag behind the housing market. The housing market, 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. When new construction is down, we emphasize the replacement market. The ratio of sales for new construction versus replacement is related to various factors. Generally, the cyclicity of the new construction market impacts this ratio the most over an economic cycle.

We purchase certain components, fabricate sheet metal and tubing and then assemble and test the finished products. Our primary finished product consists of a single unit system that generates heating and cooling in a self-contained cabinet, referred to in the industry as “unitary product”. Our other finished products are coils, air handling units, condensing units, makeup air units, energy recovery units, rooftop units, geothermal/water-source heat pumps, and controls.

We offer three groups of rooftop units: the RQ Series, consisting of five cooling sizes ranging from two to six tons; the RN Series, offered in 28 cooling sizes ranging from six to 140 tons; and the RZ Series, which is offered in 15 cooling sizes ranging from 45 to 261 tons.

When configured as Air-Source Heat Pumps (“ASHP”), the RQ and RN Series (2 to 50 tons), are capable of operating in ambient outside temperatures as low as zero degrees Fahrenheit. Known as the AAON Alpha Class, our omni-climate ASHPs are a critical solution that meet the increasing demand for building decarbonization. Utilizing variable speed technology, these innovative ASHPs provide energy-efficient heating and cooling throughout the year in virtually any climate.

In addition to our legendary RTUs, we offer the SA, SB and M2 Series as indoor packaged, water-cooled or geothermal/water-source heat pump self-contained units with cooling capacities of three to 70 tons.

Our condensing unit, the CF Series, is available from two to 70 tons and can be configured as an Alpha Class ASHP.

Our air handling units consist of the indoor H3 and V3 Series and the modular M2 Series, as well as air handling unit configurations of the RQ, RN, RZ, and SA Series units.

Our energy recovery option applicable to our RQ, RN, RZ, and SB units, as well as our H3, V3, and M2 Series air handling units, responds to the U.S. Clean Air Act mandate to increase fresh air in commercial structures. Our products are designed to compete on the higher quality end of standardized products.

Our RN, RQ, M2, and SB Series, are AHRI certified in accordance with ANSI/AHRI/ASHRAE/ISO 13256.

Our unitary products (RQ and RN Series) are certified with AHRI and the US Department of Energy to ANSI/AHRI 210/240 up to five tons capacity and ANSI/AHRI 340/360 up to 63 tons capacity.

Performance characteristics of our products range in cooling capacity from two to 261 tons and in heating capacity from 7,200 to 4,500,000 British Thermal Units ("BTUs"). Many of our products far exceed these minimum standards and are among the highest efficiency products currently available in the market.

A typical commercial building installation requires one ton of air conditioning for every 300-400 square feet or, for a 100,000 square foot building, 250 tons of air conditioning, which can involve multiple units.

Our packaged RTUs with two stage or variable speed compressors are optimized with high efficiency evaporator and condenser coils and variable speed fans, leading to an AHRI Certified performance up to 20.3 seasonal energy efficiency ratio ("SEER") and 22.5 integrated energy efficiency ratio ("IEER"). AAON H3/V3 Series energy recovery wheel air handling units provide energy efficient 100% outside air ventilation by recovering energy that would otherwise be exhausted from a building.

In addition to the equipment we manufacture, we design and produce high-performance controls solutions that enhances our equipment's unique features and capabilities. Our controls division provides factory-developed and tested control options for Variable Air Volume, Make-Up Air, Single Zone VAV, Constant Volume, and Zoning systems associated with our products and other HVAC related equipment.

We offer several controls options: the Orion Controller, factory installed customer provided controls, and terminal block for field installed controls. Most of our controls are Underwriters Laboratories category ZPVI2 compliant and BACnet Testing Laboratories certified which ensures our products meet internationally recognized standards for safety, traceability, conformance, and production quality. Our economizer function is California Title 24 certified to minimize energy consumption. Our proven sequences of operation optimize the performance of our HVAC units.

Out of the box, our controls are user-friendly and configurable to provide a variety of HVAC unit application options, in addition, we are able to customize our controls to meet customers' unique requirements.

Products - BASX

The products BASX manufactures are highly engineered and customized products, fully complementing our legacy business. BASX data center cooling solutions are focused on providing highly configurable, purpose-built equipment with a focus on efficiency, speed of deployment, and quality. High-performance air-cooled chiller solutions are provided with indirect airside economization and optional adiabatic assisted cooling, and are designed to integrate with high performance computing systems requiring direct to chip cooling. White space process cooling solutions include fan coil walls, computer room air handling ("CRAH") units, overhead fan coils, in-row coolers, and chilled water air handlers. Packaged solutions include coupled economizing chillers with integrated air handling units, direct evaporative coolers, and packaged direct expansion ("DX") solutions with airside economizers.

BASX cleanroom products are built to provide environmental control serving critical processes and high-fidelity control for precise industry requirements. Process cooling solutions include recirculation air handling units and make up air handling units including integration of piping systems and controls. Environmental control solutions include modular cleanroom environments, fan filter units, filtered ceiling grids with integral flush mount lighting, pressurized plenums with integral ceiling grids, and hospital surgical suites.

BASX custom air handling products are primarily used in commercial, industrial, healthcare, and institutional facilities employing chilled water cooling, packaged direct expansion, heating hot water, indirect gas direct heat, humidification, dehumidification, filtration, and integrated controls. BASX manufactures plenum fans for integration into air handling units as well as for replacement applications. BASX also offers integrated sound performance solutions.

Air Quality Products

The ASHRAE, a professional association with a goal of advancing HVAC systems designs and construction, established an Epidemic Task Force in 2020 and determined several recommendations to mitigate the spread of the virus, including humidity control, air filtration, increased outdoor air ventilation, and air disinfection.

Humidity control - We continue to lead the market in developing energy efficient humidity control with the use of variable capacity compressors and modulating hot gas reheat. Designing HVAC systems with superior humidity control allows building management to maintain ASHRAE's recommended ambient relative humidity levels of 40%-60%, the ideal level to inactivate viruses in the air and on surfaces.

Air Filtration - We standardized a design that uses a backward curved fan wheel, which can accommodate higher airflow and static pressure required for the ASHRAE recommended MERV 13 filtration, the minimum filter level for virus mitigation, with very little reconfiguration. Prior to 2020, a vast majority of commercial buildings used

filtration levels of MERV 4 to MERV 8, which has always been acceptable for filtering out typical particulates in the air stream.

Outdoor Air Ventilation - Our innovative use of energy recovery wheels and energy recovery plates combined with its superior humidity control design can help building management follow outdoor ventilation air recommendations while limiting an increase of energy usage and maintaining recommended humidity levels. AAON has been the leader in Dedicated Outdoor Air Systems ("DOAS") for many years.

On October 31st, 2022, the US Department of Energy ("DOE") released their final ruling concerning DX-DOAS. These are systems that condition primarily fresh outside air streams to maintain space comfort and air quality.

Starting May 1, 2024 the DOE will begin regulating the efficiency of dedicated outdoor air units separately from other comfort cooling systems. AAON perceives this as an advantage because our equipment is designed for higher energy efficiency and superior part load and dehumidification performance than competitors who focus on the initial sale price of their equipment or do not participate in the certification programs offered by AHRI.

Air Disinfection - Our basic design characteristics allow for an easy installation of ultraviolet lighting equipment. In addition to this equipment offered as options in new units sold, our basic design characteristics allow for easy installation in units already used in the field.

Overall, we are well positioned to accommodate the heightened demand for features that can help mitigate virus transmission and improve indoor air quality. The features that ASHRAE recommends require premium designs and configurations that are standard in our units. As a result, we are able to incorporate air quality features into our units at a minimal price premium and with no delivery delay.

Representatives

As of December 31, 2023, we employ a sales staff of 82 individuals and utilize approximately 59 independent manufacturer representatives' organizations ("Representatives") having 139 offices to market our products primarily in the United States and Canada. Sales are made directly to the contractor or end user, with shipments being made from our Tulsa, Oklahoma, Longview, Texas, Parkville, Missouri, or Redmond, Oregon facilities to the job site.

Historically, our products and sales strategy focused on niche markets and applications. However, market trends related to the COVID-19 pandemic and indoor air quality, decarbonization and energy efficiency, and higher energy prices, have positioned us to focus on a wider spectrum of the nonresidential HVAC equipment industry. The targeted markets for our equipment are customers seeking products of higher performance and better quality than those offered, and/or options not offered, by standardized manufacturers.

To support and service our customers and the ultimate consumer, we provide parts availability through our Representatives' sales offices, as well as our two Tulsa, Oklahoma operated retail parts stores, to serve the local markets. We also have factory service organizations at each of our facilities. Additionally, a number of the Representatives we utilize have their own service organizations, which, in connection with us, provide the necessary warranty work and/or normal service to customers.

We have a program focused on increasing service capabilities across our North America Representative network, by assisting Representatives with business plans, providing training, and creating a cohesive network of service organizations to better meet the operational and maintenance needs of our customer base.

Warranties

Our product warranty policy is the earlier of one year from the date of first use or 18 months from date of shipment for parts only, including controls; 18 months for data center cooling solutions and cleanroom systems; five years for compressors (if applicable); 15 years on aluminized steel gas-fired heat exchangers (if applicable); 25 years on stainless steel heat exchangers (if applicable); and ten years on gas-fired heat exchangers in our historical RL products (if applicable). Our warranty policy for the RQ series covers parts for two years from date of unit shipment. Our warranty policy for the WH and WV Series geothermal/water-source heat pumps covers parts for five years from the date of installation.

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

Major Customers

For the years-ended December 31, 2023, 2022, and 2021, Texas AirSystems accounted for approximately 13.8%, 12.4%, and 11.7% of our sales, respectively. Through portfolio groups, Meriton has an ownership interest in Texas AirSystems and certain other of our sales representatives. The aggregate sales percentages through Meriton-affiliated groups that are in addition to Texas AirSystems' sales for the years-ended December 31, 2023, 2022 and 2021 accounted for an additional 2.3%, 1.4% and 2.7%, respectively. Two other similar groups, Ambient and Hobbs/Insight, share common ownership of some of our other sales representatives through portfolio groups and for the year-ended December 31, 2023, aggregate sales through their portfolio groups accounted for approximately 11.5% and 10.2% of our sales, respectively. Sales through the portfolio groups of either Ambient or Hobbs/Insight did not account for 10% or more of our sales for any years-ended prior to December 31, 2023.

Backlog

Our backlog as of February 1, 2024 was approximately \$507.7 million. Management considers the orders that make up the backlog to be firm commitments with minimal risk of cancellation. This is consistent with historical trends as we rarely receive cancellations, even during recessionary times. Nonetheless, orders are subject to cancellation, in which case, cancellation charges apply up to the full price of the equipment. After an order is deemed firm and is entered into the backlog, lead times to fulfill orders for AAON Oklahoma and AAON Coil Products is generally around 11 weeks. Orders for BASX product, including orders built at AAON Coil Products' Longview location are typically placed months in advance of requested delivery to secure production for those projects. As a result, portions of the backlog do not turn over within our 11 week lead time.

Competition

Our AAON Oklahoma and AAON Coil Products product offerings primarily compete with Lennox (Lennox International, Inc.), Trane (Trane Technologies plc), York International (Johnson Controls International PLC), Carrier (Carrier Global Corporation), and Daikin (Daikin Industries). Our BASX product offerings primarily compete with Vertiv (Vertiv Holdings Co.), STULZ (STULZ Air Technology Systems, Inc.), Munters, Silent Aire (Johnson Controls International PLC), Nortek (Nortek Air Solutions), and Engineered Air.

All of our publicly traded competitors are substantially larger and have greater resources than we do. Our products compete on the basis of total value, quality, function, serviceability, efficiency, availability of product, reliability, product line recognition, and acceptability of sales outlets. Historically, our premium equipment was sold at a higher average price compared to most of the competition. In the replacement market and other owner-controlled purchases, we have been successful at taking market share due to the total value proposition and lower cost of ownership our products provide to building owners over the life span of the equipment. In the new construction market where the contractor is the purchasing decision maker, we were often at a competitive disadvantage because of the emphasis placed on initial cost. However, due to operational efficiency improvements we made over the last several years, the cost of our semi-custom equipment is more comparable to the standard equipment market. As a result, the value proposition of our higher quality equipment is now more attractive, making us more competitive in both the new construction and replacement markets.

Resources

Sources and Availability of Raw Materials

The most important materials we purchase are steel, copper, and aluminum. We also purchase from other manufacturers certain components, including coils, compressors, electric motors, and electrical controls used in our products. We attempt to obtain the lowest possible cost in our purchases of raw materials and components, consistent with meeting specified quality standards. We are not dependent upon any one source for raw materials or the major components of our manufactured products. By having multiple suppliers, we believe that we will have adequate sources of supplies to meet our manufacturing requirements for the foreseeable future.

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.

Working Capital Practices

Working capital practices in the industry center on inventories and accounts receivable. Our management regularly reviews our working capital with a view of maintaining the lowest level consistent with requirements of anticipated levels of operation and expected supply chain restraints. Our working capital requirements are generally met by cash flow from operations and a bank revolving credit facility, which currently permits borrowings up to \$200.0 million and had a \$38.3 million outstanding balance at December 31, 2023. Borrowings available under the revolving credit facility at December 31, 2023, were \$159.4 million. We believe that we will have sufficient funds available to meet our working capital needs for the foreseeable future.

Research and Development

Our products are engineered for performance, flexibility, and serviceability. This has become a critical factor in competing in the HVAC equipment industry. We must continually develop new and improved products in order to compete effectively and to meet evolving regulatory standards in all of our major product lines.

We self-sponsor our R&D activities, rather than needing to be customer-sponsored. R&D activities have involved the RQ, RN, and RZ (rooftop units), H3, SA, V3, and M2 (air handling units), CF (condensing units), and the SA and SB (self-contained units), as well as component evaluation and refinement, development of control systems and new product development. R&D expenses incurred were approximately \$43.7 million, \$46.8 million, and \$16.6 million in 2023, 2022, and 2021, respectively. The significant increase for the year ended December 31, 2022 was related to the inclusion of a full year of operations of BASX (Note 4) as well as our commitment to product performance and innovation.

Our NAIC research and development laboratory facility includes many unique capabilities, which, to our knowledge, exist nowhere else in the world. A few features of the NAIC include supply, return, and outside sound testing at actual load conditions, testing of up to a 300 ton air conditioning system, up to a 540 ton chiller system, and 80 million BTU/hr of gas heating test capacity. The NAIC carries accreditation from AMCA for standards AMCA 210 (aerodynamic performance rating) & AMCA 300 (reverberant room sound testing). Environmental application testing capabilities include -20 to 130°F testing conditions, up to 8 inches per hour rain testing, up to 2 inches per hour snow testing, and up to 50 mph wind testing. We believe we have the largest sound-testing chamber in the world for testing heating and air conditioning equipment and are not aware of any similar labs that can conduct this testing while putting the equipment under full environmental load. The unique capabilities of the NAIC will enable us to lead the industry in the development of quiet, energy efficient commercial and industrial heating and air conditioning equipment.

The NAIC currently houses twelve testing chambers. These testing chambers allow us to meet and maintain AHRI and DOE certification and solidify the Company's industry position as a technological leader in the manufacturing of HVAC equipment. Current voluntary industry certification programs and government regulations only go up to 63 tons of air conditioning. The NAIC contains both a 100 ton and a 300 ton chamber, allowing us to uniquely prove to customers our capacity and efficiency on these larger units.

The NAIC was designed to test products well beyond the standard AHRI rating points and allows us to offer testing services on our equipment throughout our range of product application. This capability is vital for critical facilities where the units must perform properly and allows our customers to verify the performance of our units in advance, rather than after installation. These same capabilities have allowed AAON to develop low ambient air source heat pump products that are unique in being able to address the growing need for these type units that address electrification initiatives and commitments.

Our Parkville, Missouri location is home to our new Electronics Prototyping Lab ("Lab") featuring a fully functional SMD (Surface Mount Device) production line. The production line incorporates automated pick-and-place equipment able to quickly and accurately place devices as small as 0.1mm by 0.2mm, the same technology scale used in cell phones. The production line also includes a profiled reflow oven to assure reliability in the finished prototypes. The Lab has allowed us to increase our speed to market and incorporate cutting-edge technology into our control designs. In addition, it allows our Controls Engineering team to utilize their hardware and software development skills to outpace our competitors in responding to market changes and upsets.

Patents, Trademarks, Licenses, and Concessions

We do not consider any patents, trademarks, licenses, or concessions to be material to our business operations, other than those described below.

We hold several patents that relate to the design and use of our products. We consider these patents important, but no single patent is material to the overall conduct of our business. We proactively obtain patents to further our strategic intellectual property objectives. We own certain trademarks we consider important in the marketing of our products and services, and we protect our marks through national registrations and common law rights. Our patents have legal terms of 20 years with expiration dates ranging from 2023 to 2039.

The Company's trademarks, certain of which are material to its business, are registered or otherwise legally protected in the U.S.

Seasonality

Historically, sales of our products were moderately seasonal with the peak period being May-October of each year due to timing of construction projects being directly related to warmer weather. However, in recent years, given the increase in demand of our products and increase in our backlog, sales has become more constant throughout the year.

Environmental & Regulatory Matters

Laws concerning the environment that affect or could affect our operations include, among others, the Clean Water Act, the Clean Air Act, the Resource Conservation and Recovery Act, the Occupational Safety and Health Act, the National Environmental Policy Act, the Toxic Substances Control Act, regulations promulgated under these Acts and any other federal, state or local laws or regulations governing environmental matters. We believe that we are in compliance with these laws and that future compliance will not materially affect our earnings or competitive position.

Since our founding in 1987, we have maintained a commitment to design, develop, manufacture, and deliver heating and cooling products to perform beyond all expectations and to demonstrate our quality and value to our customers. Our equipment is designed with energy efficiency in mind, without sacrificing premium features and options. In addition to our high standard of product performance, is a commitment to sustainability for our employees, our stockholders, and our customers. We strive to conduct our business in a socially responsible and ethical manner with a focus on environmental stewardship, team member safety and community engagement. We comply with industry regulations and requirements while pursuing responsible economic growth and profitability.

In 2023, we published our fifth annual environmental, social, and governance ("ESG") report sharing our approach in the material areas of stakeholder engagement, innovation and efficiency, environmental responsibility, climate change, occupational health and safety, talent attraction and retention, diversity and inclusion, community engagement and investment, corporate governance and ethics and compliance. The report also highlights achievements and long-term targets related to greenhouse gas emissions, hazardous waste recycling, and non-fossil fuel consuming products. We participate in a sustainability benchmarking initiative, the Sustainability Alliance Scor3card, through which we monitor and report in the material areas of energy, material management, water, community stewardship, transportation, communication, and health. We achieved Platinum level in this program in 2023 and 2022. Our ESG committee provides oversight for ESG activities, ESG report development and an internal grassroots sustainability committee provides education opportunities, communications and recommendations to the Company on a regular basis.

We are committed to environmental responsibility and continue to make progress toward reducing greenhouse gas ("GHG") emissions, increasing paint byproduct recycling from our facilities and increasing the percentage of non-fossil fuel powered units we produce. Our approach toward emissions reduction and climate change includes product solutions for our customers and improvements to our own facilities. Approximately 36% of our energy portfolio is currently derived from renewable sources, and the Company's Scope 1 and 2 emissions (emissions that occur from sources that are controlled or owned by an organization and emissions associated with the purchase of electricity, steam, heat, or cooling) are being tracked. We opted into an additional percentage of renewable energy at our Tulsa, Oklahoma facilities in 2022, continued to invest and partner on projects that reduce GHG emissions globally and have begun the transition to the lower global warming potential R-454B refrigerant. We continue to develop and manufacture non-fossil fuel consuming units to provide the most sustainable commercial HVAC equipment in the market and announced the zero degree cold air-source heat pump in 2022 as a critical solution that meets the increasing demand for building decarbonization in cold climates.

In the area of energy efficiency and conservation, our Tulsa, Oklahoma and Longview, Texas facilities have transitioned to nearly 100% LED lighting in our facilities leading to considerable cost savings and reduced energy consumption. Our Redmond, Oregon facilities are installing LED lights into any new fixtures in their current facility and working towards retrofitting old fixtures to LED. We participate in an energy demand response program through

the public utility provider to reduce demand during peak hours. Energy efficiency has been a priority not only in product development, but also in overall capital investments which include the acquisition of new, energy efficient equipment for the production floor, new high-speed overhead facility doors, the installation of new HVAC equipment, building control systems, the application of heat and light reflective material to production facilities, along with other behavioral-based energy efficiency changes. We are tracking our energy usage intensity before and after these updates. We also opened the Customer Exploration Center in 2023, a net-zero facility powered by solar and geothermal energy.

In the area of material management, we focus on recycling, reducing, reusing and sourcing more environmentally-friendly materials into our processes. At our Tulsa, Oklahoma and Longview, Texas facilities, we recycled over 13,678 tons, 14,928 tons, and 13,793 tons of metal in 2023, 2022, and 2021, respectively. Also, through our partnership with a waste to energy facility, we successfully diverted over 694 tons, 668 tons, and 460 tons of waste from landfills in 2023, 2022, and 2021, respectively. We have identified paint product recycling partners at both our Tulsa, Oklahoma and Longview, Texas facilities. We also recycle paper, wood, and cardboard where available. We continue to innovate ways to reduce and reuse shipping packaging between facilities and identify new opportunities to reduce or reuse items in our production and administrative areas.

Human Capital Resources

Our employees are not represented by unions or other collective bargaining agreements. Management considers its relations with our employees to be good. The following table represents the number of our direct employees and contract personnel we employed on each respective date:

	As of February 20, 2024	As of February 22, 2023	As of February 23, 2022
AAON Oklahoma	2,663	2,474	1,979
AAON Coil Products	586	681	574
BASX	607	511	328
Total employees	3,856	3,666	2,881

Our key human capital measures include employee safety, turnover, absenteeism, and production. We frequently benchmark our compensation practices and benefits programs against those of comparable industries and in the geographic areas where our facilities are located. We believe that our compensation and employee benefits are competitive and allow us to attract and retain skilled and unskilled labor throughout our organization. Some of our notable health, welfare, and retirement benefits include:

- Employee medical plan (with 175% employer health saving plan match)
- 401(k) Plan (with 175% employer match)
- Profit sharing bonus plan
- Tuition assistance program
- Paid time off
- Paid parental leave
- Military pay
- Short-term and long-term disability
- Identity theft protection
- Group life insurance

Available Information

Our Internet website address is <http://www.aaon.com>. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, will be available free of charge through our Internet website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information on our website is not a part of, or incorporated by reference into, this annual report on Form 10-K.

Copies of any materials we file with the SEC can also be obtained free of charge through the SEC's website at <http://www.sec.gov>, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, or by calling the SEC at 1-800-732-0330.

Item 1A. Risk Factors.

The following risks and uncertainties may affect our performance and results of operations. The discussion below contains “forward-looking statements” as outlined in the Forward-Looking Statements section above. Our ability to mitigate risks may cause our future results to materially differ from what we currently anticipate. Additionally, the ability of our competitors to react to material risks will affect our future results.

Risks Related to the COVID-19 Pandemic

Our business, results of operations, financial condition, cash flows, and stock price can be adversely affected by pandemics, epidemics, or other public health emergencies, such as COVID-19.

In March 2020, the World Health Organization characterized COVID-19 as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The outbreak resulted in governments around the world implementing increasingly stringent measures to help control the spread of the virus, including quarantines, “shelter in place” and “stay at home” orders, travel restrictions, business curtailments, school closures, vaccination or testing mandates and other measures. In addition, governments and central banks in several parts of the world enacted fiscal and monetary stimulus measures to counteract the impacts of COVID-19.

We are considered a critical infrastructure industry, as defined by the U.S. Department of Homeland Security. Although we have continued to operate our facilities to date consistent with federal guidelines and state and local orders, the outbreak of COVID-19 and any preventive or protective actions taken by governmental authorities may have a material adverse effect on our operations, supply chain, customers, and transportation networks, including business shutdowns or disruptions. During 2023, 2022, and 2021 we experienced some price increases in our components and raw materials, which appear to be a result of COVID-19 and subsequent inflation, as well as supply chain challenges related to certain manufacturing parts.

Even though the COVID-19 pandemic has subsided, we may experience materially adverse impacts to our business due to any resulting economic recession or depression. Additionally, concerns over the economic impact of COVID-19 have caused extreme volatility in financial and other capital markets which may adversely impact our stock price and our ability to access capital markets. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this Annual Report, such as those relating to our products and financial performance.

Risks Related to Our Business

Our business can be hurt by economic conditions.

Our business is affected by a number of economic factors, including the level of economic activity in the markets in which we operate. Sales in the commercial and industrial new construction markets correlate to the number of new homes and buildings that are built, which in turn is influenced by cyclical factors such as interest rates, inflation, consumer spending habits, employment rates, and other macroeconomic factors over which we have no control. In the HVAC business, a decline in economic activity as a result of these cyclical or other factors typically results in a decline in new construction and replacement purchases which could impact our sales volume and profitability.

Our results of operations and financial condition could be negatively impacted by the loss of one or more major customers.

From time to time in the past we derived a significant portion of our sales from a limited number of customers, and such concentration may continue in the future. The loss of, or significant reduction in sales to significant customers (or a related portfolio group of customers) could have a material adverse effect on our results of operations, financial condition and cash flow. Further, the addition of new major customers in the future could increase our customer concentration risks as described above.

Our results of operations and financial condition could be negatively impacted by the loss of a major third-party representative.

We are dependent on our third-party representatives to market and sell our products. If such relationships were terminated or impaired for any reason, it could materially and adversely affect our ability to generate revenues and profits. Certain of our competitors with greater financial resources than us could target our third-party representatives for exclusive sales channels. We may not be able to secure additional third-party representatives who will effectively market our products in certain geographical areas. In addition, adding new representatives requires

additional administrative efforts and costs. If we are unable to establish new representative relationships or continue current relationships, or terminate and replace our third-party representatives, our business, financial condition, and results of operations could be materially and adversely affected.

We may incur material costs as a result of warranty and product liability claims that would negatively affect our profitability.

The development, manufacture, sale and use of our products involve a risk of warranty and product liability claims. Our product liability insurance policies have limits that, if exceeded, may result in material costs that would have an adverse effect on our future profitability. An excess of or significant claim(s) could lead to the cancellation of our policies and the loss of and inability to find additional insurance carriers. In addition, warranty claims are not covered by our product liability insurance and there may be types of product liability claims that are also not covered by our product liability insurance.

We depend on our senior leadership team and the loss of our Chief Executive Officer or one or more key employees or an inability to attract and retain highly skilled employees could adversely affect our business.

Our success depends largely upon the continued services of our officers and senior leadership team. In particular, our Chief Executive Officer ("CEO"), Gary D. Fields, is critical to our vision, strategic direction, culture, and overall business success. Furthermore, Mr. Fields' extensive industry knowledge and sales-channel experience would be difficult to replace. We also rely on our senior leadership team in the areas of research and development, marketing, production, sales, and general and administrative functions. From time to time, there may be changes in our senior leadership team resulting from the hiring or departure of senior leadership team members, which could disrupt our business. While we have a robust succession plan in place for each one of our officers and senior leadership team members, the loss of one or more could have a serious adverse effect on our business.

We do not maintain key-man insurance for Gary D. Fields or any other member of our senior leadership team. Other than the employment agreements negotiated with certain employees of BASX, we do not have employment agreements with our officers or senior leadership team members that require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. The employment agreements with the employees of BASX guarantee certain compensation, such as salary and benefits, and employment terms. We do not believe the terms or conditions of these agreements are outside the standard expectation of another employee at a similar level.

Operations may be affected by natural disasters, especially since most of our operations are performed at a single location.

Natural disasters such as tornadoes, ice storms and fires, as well as accidents, acts of terror, infection, and other factors beyond our control could adversely affect our operations. Our facilities are in areas where tornadoes are likely to occur, and the majority of our operations are at our Tulsa, Oklahoma facilities. With the acquisition of BASX in 2021, we now have operations in an area that is, historically, impacted by wild fires. The effects of natural disasters and other events could damage our facilities and equipment and force a temporary halt to manufacturing and other operations, and such events could consequently cause severe damage to our business. We maintain insurance against these sorts of events; however, this is not guaranteed to cover all the losses and damages incurred. Furthermore, we may experience significant increases in our insurance premium costs in relation to these matters that may have a material adverse effect upon our business, liquidity, financial condition, or results of operations.

If we are unable to hire, develop or retain employees, it could have an adverse effect on our business.

We compete to hire new employees and then seek to train them to develop their skills. We may not be able to successfully recruit, develop, and retain the personnel we need. Unplanned turnover or failure to hire and retain a diverse, skilled workforce, could increase our operating costs and adversely affect our results of operations.

Variability in self-insurance liability estimates could impact our results of operations.

We self-insure for certain employee health insurance and workers' compensation insurance coverage up to a predetermined level, beyond which we maintain stop-loss insurance from a third-party insurer. Our aggregate exposure varies from year to year based upon the number of participants in our insurance plans. We estimate our self-insurance liabilities using an analysis provided by our claims administrator and our historical claims experience. Our accruals for insurance reserves reflect these estimates and other management judgments, which are subject to a

high degree of variability. If the number or severity of claims for which we self-insure increases, it could cause a material and adverse change to our reserves for self-insurance liabilities, as well as to our earnings.

Risks Related to Our Brand and Product Offerings

We may not be able to compete favorably in the highly competitive HVAC business.

Competition in our various markets could cause us to reduce our prices or lose market share, which could have an adverse effect on our future financial results. Substantially all of the markets in which we participate are highly competitive. The most significant competitive factors we face are product reliability, product performance, service, manufacturing lead-times, and price, with the relative importance of these factors varying among our product line. Other factors that affect competition in the HVAC market include the development and application of new technologies and an increasing emphasis on the development of more efficient HVAC products. Moreover, new product introductions are an important factor in the market categories in which our products compete. Several of our competitors have greater financial and other resources than we have, allowing them to invest in more extensive research and development. We may not be able to compete successfully against current and future competition and current and future competitive pressures faced by us may materially adversely affect our business and results of operations.

We may not be able to successfully develop and market new products.

Our future success will depend upon our continued investment in research and new product development and our ability to continue to achieve new technological advances in the HVAC industry. Our inability to continue to successfully develop and market new products or our inability to implement technological advances on a pace consistent with that of our competitors could lead to a material adverse effect on our business and results of operations. Furthermore, our continued investment in new product development may render certain legacy products and components obsolete resulting in increased inventory obsolescence expense that may have a material adverse effect upon our financial condition or results of operations.

Risks Related to Material Sourcing and Supply

We may be adversely affected by problems in the availability, or increases in the prices, of raw materials and components.

Problems in the availability, or increases in the prices, of raw materials or components could depress our sales or increase the costs of our products. We are dependent upon components purchased from third parties, as well as raw materials such as steel, copper and aluminum. Occasionally, we enter into cancellable and non-cancellable contracts on terms from six to 18 months for raw materials and components. However, if a key supplier is unable or unwilling to meet our supply requirements, we could experience supply interruptions or cost increases, either of which could have an adverse effect on our gross profit.

We risk having losses resulting from the use of non-cancellable contracts.

Historically, we have attempted to limit the impact of price fluctuations on commodities by entering into 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. These contracts are not accounted for using hedge accounting since they meet the normal purchases and sales exemption. The use of such contracts could cause us to forego the economic benefits we would otherwise realize if prices were to change in our favor. Additionally, should there be a downturn in the market, we could be committed to purchase more materials than necessary for our production and carry excess inventory which could result in additional costs to the business.

Risks Related to Electronic Data Processing and Digital Information

Our business is subject to the risks of interruptions by cybersecurity attacks.

We depend upon information technology infrastructure, including network, hardware and software systems to conduct our business. Despite our implementation of network and other cybersecurity measures, our information technology system and networks could be disrupted due to technological problems, a cyber-attack, acts of terrorism, severe weather, a solar event, an electromagnetic event, a natural disaster, the age and condition of information technology assets, human error, or other reasons. To date, we have not experienced a material impact to our business or operations resulting from cyber-security or other similar information attacks, but due to the ever-evolving attack methods, as well as the increased amount and level of sophistication of these attacks, our security measures may not be adequate to protect against highly targeted sophisticated cyber-attacks, or other improper disclosures of confidential and/or sensitive information. Additionally, we may have access to confidential or other sensitive information of our customers, which, despite our efforts to protect, may be vulnerable to security breaches, theft, or other improper disclosure. Any cyber-related attack or other improper disclosure of confidential information could have a material adverse effect on our business, as well as other negative consequences, including significant damage to our reputation, litigation, regulatory actions, and increased cost.

We are reliant on information technology.

We are reliant on information technology in all aspects of our business, operated and maintained by the Company as well as under control of third parties. If we do not invest sufficient capital in a timely manner to acquire, develop, or implement new information technologies or maintain or upgrade current information technologies, we could suffer outages as well as be at a competitive disadvantage within our industry which could have a material adverse effect upon our financial condition and results of operations.

Risks Related to Governmental Regulation and Policies

Exposure to environmental liabilities could adversely affect our results of operations.

Our future profitability could be adversely affected by current or future environmental laws. We are subject to extensive and changing federal, state and local laws and regulations designed to protect the environment in the United States and in other parts of the world. These laws and regulations could impose liability for remediation costs and result in civil or criminal penalties in case of non-compliance. Compliance with environmental laws increases our costs of doing business. Because these laws are subject to frequent change, we are unable to predict the future costs resulting from environmental compliance.

We are subject to potentially extreme governmental regulations and policies.

We always face the possibility of new governmental regulations, policies and trade agreements which could have a substantial or even extreme negative effect on our operations and profitability. Several intrusive component part governmental regulations are in process. If these proposals become final rules, the effect would be the regulation of compressors and fans in products for which the Department of Energy does not have current authority. This could affect equipment we currently manufacture and could have an impact on our product design, operations, and profitability.

The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions to improve transparency and accountability concerning the supply of certain minerals, known as “conflict minerals”, originating from the Democratic Republic of Congo and adjoining countries. As a result, in August 2012, the SEC adopted annual disclosure and reporting requirements for those companies who use conflict minerals in their products. Accordingly, we began our reasonable country of origin inquiries in fiscal year 2013, with initial disclosure requirements beginning in May 2014. There are costs associated with complying with these disclosure requirements, including for due diligence to determine the sources of conflict minerals used in our products and other potential changes to products, processes or sources of supply as a consequence of such verification activities. The implementation of these rules could adversely affect the sourcing, supply, and pricing of materials used in our products. As there may be only a limited number of suppliers offering “conflict free” conflict minerals, we cannot be sure that we will be able to obtain necessary conflict minerals from such suppliers in sufficient quantities or at competitive prices. Also, we may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to sufficiently verify the origins for all conflict minerals used in our products through the procedures we may implement.

Our operations could be negatively impacted by new legislation as well as changes in regulations and trade agreements, including tariffs and taxes. Unfavorable conditions resulting from such changes could have a material adverse effect on our business, financial condition and results of operations.

We are subject to adverse changes in tax laws.

Our tax expense or benefits could be adversely affected by changes in tax provisions, unfavorable findings in tax examinations, or differing interpretations by tax authorities. We are unable to estimate the impact that current and future tax proposals and tax laws could have on our results of operations. We are currently subject to state and local tax examinations for which we do not expect any major assessments.

We are subject to international regulations that could adversely affect our business and results of operations.

Due to our use of Representatives in foreign markets, we are subject to many laws governing international relations, including those that prohibit improper payments to government officials and commercial customers, and restrict where we can do business, what information or products we can supply to certain countries and what information we can provide to a non-U.S. government, including but not limited to the Foreign Corrupt Practices Act, U.K. Bribery Act and the U.S. Export Administration Act. Violations of these laws, which are complex, may result in criminal penalties or sanctions that could have a material adverse effect on our business, financial condition and results of operations.

Changes in legislation or government regulations or policies could adversely affect our results of operations.

Our sales, gross margins and profitability could be directly impacted by changes in legislation or government regulations or policies. Specifically, changes in environmental and energy efficiency standards and regulations related to global climate change are being implemented to curtail the use of hydrofluorocarbons which are used in refrigerants that are essential to many of our products. Our inability or delay in developing or marketing products that match customer demand while also meeting applicable efficiency and environmental standards may negatively impact our results.

We are transitioning to a new refrigerant with lower global warming potential for our HVAC systems and must be fully compliant under current governmental regulations by 2025. We expect to incur costs associated with this transition related to the purchase of the new refrigerant as well as additional sensors and detectors on our HVAC systems. In addition, we expect to incur cost to our facilities, specifically costs to store and use the new refrigerant in production; however, we do not expect these costs to be significant. Due to the increased flammability of the new refrigerant, the insurance industry may require higher premiums for companies once the conversion begins. Furthermore, due to the expected increased demand of the newer refrigerants as well as the older hydrofluorocarbon refrigerants (as they are phased out), we expect to see increased manufacturing costs related to purchases of refrigerants and could see higher costs for future warranty claims. As with any significant regulatory change, delays or other changes to implementation timing could also have a negative impact on our operations and profitability.

Additionally, regulations that reduce or eliminate the use of fossil fuels such as natural gas and propane may reduce or eliminate sales of gas fired equipment for which AAON holds a strong market position. This will result in a shift to more air- and water-cooled heat pump type units to provide space heating. This shift in product line could affect production productivity material costs and aftermarket warranty costs.

Future legislation or regulations relating to environmental policies, product certification, product liability, taxes, amount and availability of tax incentives and other matters, may impact the results of each of our operating segments and our consolidated results.

Item 1B. Unresolved Staff Comments.

None.

ITEM 1C. Cybersecurity

Cybersecurity risk management and strategy

Our cybersecurity risk management is based on recognized cybersecurity industry frameworks and standards, including those of the National Institute of Standards and Technology ("NIST"), the Center for Internet Security ("CIS"), the Computer Objectives for Information and related Technology ("COBIT"), and the International Organization for Standardization ("ISO"). We use these frameworks, together with information collected from

internal assessments, to develop policies for use of our information assets, access to specific intellectual property or technologies, and protection of personal information. We protect these information assets through industry-standard techniques, such as multifactor authentication and malware defenses. We also work with internal stakeholders across the company to integrate foundational cybersecurity principles throughout our organization's operations, including employment of multiple layers of cybersecurity defenses, restricted access based on business need, and integrity of our business information. Throughout the year, we also regularly train our employees on cybersecurity awareness, confidential information protection and simulated phishing attacks.

We engage third-party assessors to conduct penetration testing and measure our program to industry standard frameworks as needed. We also have standing engagements with incident response experts and external counsel. We frequently collaborate with industry experts and cybersecurity practitioners at other companies to exchange information about potential cybersecurity threats, best practices and trends.

Our cybersecurity risk management is an important part of our comprehensive business continuity program and internal risk management. Our information security team periodically engages with a cross-functional group of subject matter experts and leaders to assess and refine our cybersecurity risk posture and preparedness. We practice our response to potential cybersecurity incidents through regular tabletop exercises, threat hunting and red team exercises.

For more information about cybersecurity risks, see the Risk factors discussion in Item 1A of this Form 10-K.

Governance of cybersecurity risk management

The board of directors, as a whole, has oversight responsibility for our strategic and operational risks. The audit committee assists the board of directors with this responsibility by reviewing and discussing our risk assessment and risk management practices, including cybersecurity risks, with members of management. The audit committee, in turn, periodically reports on its review with the board of directors.

Management is responsible for day-to-day assessment and management of cybersecurity risks. Our chief information officer has primary oversight of material risks from cybersecurity threats. Our chief information officer has more than 25 years of experience across various engineering, business and management roles, including leading the development and implementation of information technology strategies and roadmaps for manufacturing automation.

Our chief information officer assesses our cybersecurity readiness through internal assessment tools as well as third-party control tests, vulnerability assessments, audits and evaluation against industry standards. We have governance and compliance structures that are designed to elevate issues relating to cybersecurity to our chief information officer, such as potential threats or vulnerabilities. We also employ various defensive and continuous monitoring techniques using recognized industry frameworks and cybersecurity standards.

Our chief information officer meets with the audit committee periodically to review our information technology systems and discuss key cybersecurity risks. In addition, the chief financial officer reviews with the audit committee at least annually our risk management program, which includes cybersecurity risks, and is also reported to the board.

Item 2. Properties.

Our manufacturing areas are heavy industrial type buildings, with some coverage by overhead cranes, containing manufacturing equipment designed for sheet metal fabrication, metal stamping and tube forming. The manufacturing equipment contained in the facilities consists primarily of automated sheet metal fabrication equipment, supplemented by presses and tube bending equipment. Assembly lines consist of cart-type and roller-type conveyor lines with variable line speed adjustment. Subassembly areas and production line manning are based upon line rates set by production management.

We own and lease our properties and facilities, as further described below. We believe that all of our facilities are well maintained and are in good condition and suitable for the conduct of our business.

AAON Oklahoma

Our plant and office facilities in Tulsa, Oklahoma, consist of a 342,000 square foot building (327,000 square feet of manufacturing/warehouse space and 15,000 square feet of office space) located on a 12-acre tract of land at 2425 South Yukon Avenue. Additionally we own a 940,000 square foot manufacturing/warehouse building and a 70,000 square foot office building located on an approximately 79-acre tract of land across the street from the original facility (2440 South Yukon Avenue) and a 40,000 square foot building used as warehouse space located on a 6-acre tract.

In 2023, we acquired an additional 17-acre tract of land adjacent to the east side of the current 12-acre tract. We also lease a 198,000 square foot warehouse space which is used for additional inventory storage in Tulsa, Oklahoma.

In addition to a retail parts store location at our Tulsa facilities, we also own a 13,500 square foot stand alone building (7,500 square foot warehouse and 6,000 square foot office) which is utilized as an additional retail parts store to provide our customers more accessibility to our products. The stand alone parts store building is on approximately one acre and is located at 9528 E 51st St in Tulsa, Oklahoma.

Our Tulsa location is also home to our engineering research and development laboratory, the NAIC. The three-story, 134,000 square foot stand alone facility is both an acoustical and a performance measuring laboratory. This facility currently consists of twelve test chambers, allowing AAON to meet and maintain industry certifications. This facility is located west of the 940,000 square foot manufacturing/warehouse building at 2440 South Yukon Avenue.

In 2023, we opened our Exploration Center at our Tulsa location. The Exploration Center is a 28,000 square foot facility located adjacent to the NAIC. The Exploration Center provides an immersive and educational experience of our products, solutions and our people and also serves as an event hub for our stakeholders, including our customers, employees, representatives and investors. The Exploration Center adds a dimension of customer engagement that showcases our products and our competitors' products and allows our customers to interact with our employees.

Our operations in Parkville, Missouri, are conducted in a leased plant/office at 8500 NW River Park Drive. This location is home to our Controls design and manufacturing facilities. In October 2022, we modified the existing lease to increased our manufacturing and office space to approximately 86,000 square feet. During mid-2023, we began utilizing this additional space for manufacturing operations.

AAON Coil Products

Our plant and office facilities in Longview, Texas, consist of a 263,000 square foot building (256,000 square feet of manufacturing/warehouse space and 7,000 square feet of office space) located on a 13-acre tract of land, a 222,000 square foot building (210,000 square feet of manufacturing/warehouse space and 12,000 square feet of office space) located on an approximately 22-acre tract of land, and a 5,000 square foot building utilized as a retail parts store which we lease to a Representative of the Company. All of these facilities are located on Gum Springs Road.

In January 2023, we purchased additional real property and improvements consisting of 64,000 square feet of warehouse space located on a 10-acre tract of land at 115 Kodak Boulevard in Longview, Texas.

In April 2023, we broke ground on an expansion to our 222,000 square foot building. The expansion consists of 237,500 square feet of office and manufacturing space that will be dedicated to unit production. We expect that we will be able to utilize this space in late 2024.

BASX

Our operations in Redmond, Oregon, are conducted in a plant/office at 3500 SW 21st Place, containing approximately 194,000 square feet (169,000 square feet of manufacturing/warehouse space and 25,000 square feet of office space) on a 13-acre tract of land.

In August 2022, we purchased additional real property of approximately one-acre adjacent to the plant/office at 3500 SW 21st Place, to facilitate future growth of our operations. In the third quarter of 2023, we broke ground on an approximate 30,000 square foot fabrication facility residing on the one-acre tract of land. We expect to be in operation in this facility in late 2024.

We lease several properties near our main Redmond, Oregon location. In the aggregate, these properties contain approximately 104,500 square feet of additional warehouse space. Additionally, we lease an office of approximately 4,000 square feet located at 1725 Blankenship Road, West Linn, Oregon.

Item 3. Legal Proceedings.

See Note 18 of the Consolidated Financial Statements.

Item 4. Mine Safety Disclosure.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information - Our common stock is quoted on the NASDAQ Global Select Market under the symbol “AAON”. As of the close of business on February 23, 2024, there were 1,030 holders of record of our common stock.

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

Our cash dividends for the three years ended December 31, 2023 are as follows:

Declaration Date ¹	Record Date	Payment Date	Dividend per Share ²	Annualized Dividend per Share ²
May 17, 2021	June 3, 2021	July 1, 2021	\$0.13	\$0.26
November 9, 2021	November 26, 2021	December 17, 2021	\$0.13	\$0.26
May 18, 2022	June 3, 2022	July 1, 2022	\$0.13	\$0.26
November 8, 2022	November 28, 2022	December 16, 2022	\$0.16	\$0.32
March 1, 2023	March 13, 2023	March 31, 2023	\$0.08	\$0.32
May 18, 2023	June 9, 2023	June 30, 2023	\$0.08	\$0.32
August 18, 2023	September 8, 2023	September 29, 2023	\$0.08	\$0.32
November 10, 2023	November 29, 2023	December 18, 2023	\$0.08	\$0.32

¹ Effective with the cash dividend declared on March 1, 2023 (paid on March 31, 2023), the Company moved from semi-annual cash dividends to quarterly cash dividends.

² Reflects three-for-two stock split effective August 16, 2023.

Stock Split - On July 7, 2023, the Board of Directors declared a three-for-two stock split of the Company's common stock to be paid in the form of a stock dividend. Stockholders of record at the close of business on July 28, 2023 received one additional share for every two shares they held as of that date on August 16, 2023 (ex-dividend date August 17, 2023).

Share-Based Compensation Plans - The following is a summary of our share-based compensation plans as of December 31, 2023:

EQUITY COMPENSATION PLAN INFORMATION

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
The 2007 Long-Term Incentive Plan	161,854	\$ 15.02	—
The 2016 Long-Term Incentive Plan	1,862,571	\$ 29.55	5,070,436

Issuer Purchases of Equity Securities - Repurchases during the fourth quarter of 2023, which include repurchases from our employee repurchase program, 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
October 2023	1,158	\$ 54.89	1,158	—
November 2023	180	61.00	180	—
December 2023	348	70.99	348	—
Total	<u>1,686</u>	<u>\$ 58.86</u>	<u>1,686</u>	<u>—</u>

Contingent Shares Issued in BASX Acquisition - On December 10, 2021, we closed on the acquisition of BASX (Note 4). 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 1.56 million shares of AAON stock, par value \$0.004 per share. The shares do not accrue dividends.

Under the MIPA Agreement, the potential future issuance of the shares is contingent upon BASX meeting certain post-closing earn-out milestones during each of the years ended 2021, 2022, and 2023. We estimated the fair value of contingent consideration related to these shares to be approximately \$60.0 million, which is included in additional paid-in capital on the consolidated balance sheets. As of December 31, 2023, 0.58 million, and 0.73 million shares related to the earn-out milestones for the years ended 2022 and 2021, respectively, have been issued to the former owners of BASX as private placements exempt from registration with the SEC under Rule 506(b), which are included in common stock on the consolidated statements of stockholders' equity.

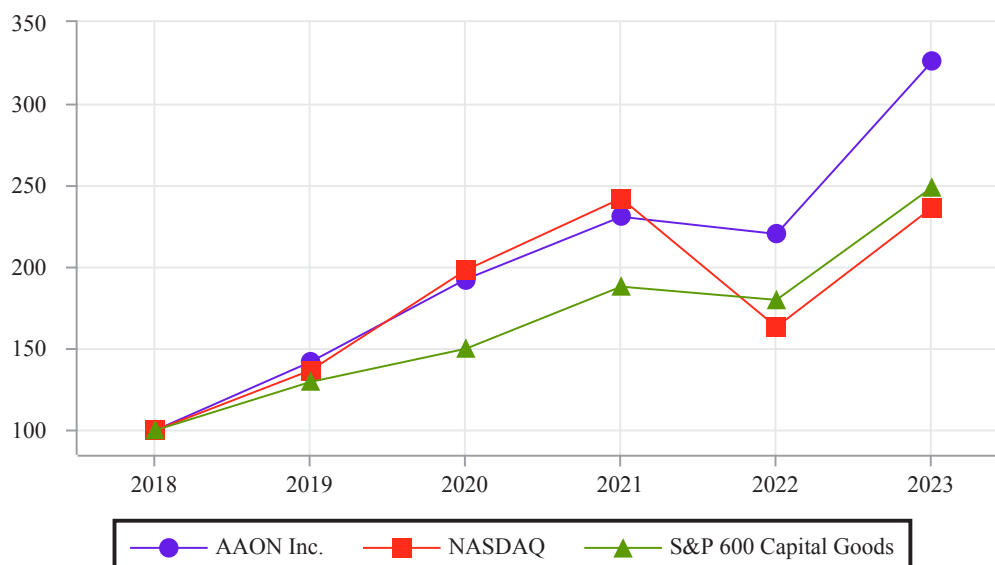
Rule 10b5-1 Trading Arrangements - The following table describes contracts, instructions or written plans for the purchase or sale of our securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).

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>Vice President and Chief Operating Officer</i>	November 23, 2022	Terminated May 17, 2023	95,788
Stephen E. Wakefield <i>Vice President and Chief Operating Officer</i>	September 13, 2023	Terminated December 27, 2023	181,000

Comparative Stock Performance Graph

The following performance graph compares our cumulative total shareholder return for the Company’s common stock for the five-year period ending on December 31, 2023, compared to an overall stock market index (the NASDAQ Composite Index) and the Company’s peer group index (S&P 600 Capital Goods Industry Group Index). We believe the S&P 600 Capital Goods Industry Group Index best represents our relative peer group based on our current business and market capitalization. The graph assumes that \$100 was invested at the close of trading December 31, 2018, with the reinvestment of dividends since that date. This table is not intended to forecast future performance of our Common Stock.

Comparison of Five Year Cumulative Total Return Assumes Initial Investment of \$100 December 31, 2018



Company / Index	2018	2019	2020	2021	2022	2023
AAON, Inc.	\$ 100	\$ 142	\$ 193	\$ 231	\$ 220	\$ 326
NASDAQ Composite Index	100	137	198	242	163	236
S&P 600 Capital Goods Industry Group Index	\$ 100	\$ 130	\$ 150	\$ 188	\$ 180	\$ 249

This stock performance graph is not deemed to be “soliciting material” or otherwise be considered to be “filed” with the SEC or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 (Exchange Act) or to the liabilities of Section 18 of the Exchange Act, and should not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent the Company specifically incorporates it by reference into such a filing.

Item 6. Reserved.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Overview

The following discussion summarizes the significant factors affecting the consolidated operating results, financial condition and liquidity of the Company for the year ended December 31, 2023. This discussion should be read in conjunction with the other sections of this Annual Report on Form 10-K, including the consolidated financial statements and related notes contained in Item 8, *Financial Statements and Supplementary Data*. A detailed discussion of the year to year changes for the years ended December 31, 2022 and 2021 is not included herein and can be found in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* section of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Description of the Company

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.

Our business can be affected by a number of economic factors, including the level of economic activity in the markets in which we operate. The uncertainty of the economy negatively impacted the commercial and industrial new construction markets in 2020 and the first half of 2021. Since mid-2021, nonresidential construction spending has been strong, recovering well beyond pre-2020 levels and finishing 2023 near record levels. Recently, however, certain leading indicators, including architectural billings and construction starts, signal a slowing in construction spending within the next 12 months. Furthermore, some economic general indicators are suggesting the general economy is slowing, which could also impact the replacement market. If the domestic economy were to slow or enter a recession, this could result in a decline 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. Furthermore, 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 due to various economic factors within the U.S. and global economy. For the year ended December 31, 2023, the prices for copper, galvanized steel, and stainless steel decreased by approximately 4.5%, 38.9%, and 3.3%, respectively, and aluminum increased by approximately 15.5% from 2022.

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. In 2021, we implemented three price increases. In 2022, we implemented two significant price increases as well as a recurring 1% monthly price increase beginning June 1, 2022 and ending on April 1, 2023. We reinstated a recurring 1% monthly price increase on October 1, 2023 and carried that through February 1, 2024.

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

- In March 2021, we awarded annual merit raises for an overall 5.0% increase to wages.
- In July 2021, we increased starting wages for our production workforce by 7.0%.
- In October 2021, we implemented a cost of living increase of 3.5% in place for all employees below our Senior Leadership Team ("SLT") which consists of officers and key members of management.
- In March 2022, we awarded annual merit raises for an overall 3.0% increase to wages.
- In October 2022, we implemented a cost of living increase of 3.5% in place for all employees below the SLT level.
- In March 2023, we awarded annual merit raises for an overall 3.9% increase to wages.

We will continue to implement human resource initiatives to retain and attract labor to further improve productivity and production efficiencies.

Backlog

The following table shows our historical backlog levels:

<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<i>(in thousands)</i>	
\$ 510,028	\$ 548,022

While our backlog is down at December 31, 2023 compared to December 31, 2022, our bookings remain strong. The year-ended December 31, 2022 was a record year for bookings and our backlog was elevated causing us to extend lead times. Investments made in our facilities and workforce have significantly improved our capacity and operational efficiencies. Production rates are at all time highs, trimming our backlog down to a more manageable size and allowing our lead times to improve.

Consolidated Results of Operations

	<u>Years Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	<i>(in thousands)</i>	
Net Sales	\$ 1,168,518	\$ 888,788
Cost of Sales	769,498	651,216
Gross Profit	399,020	237,572
Selling, general and administrative expenses	171,539	110,823
Gain on disposal of assets	(13)	(12)
Income from operations	<u>\$ 227,494</u>	<u>\$ 126,761</u>

The following are highlights of our results of operations, cash flows, and financial condition:

- Net sales for 2023 grew 31.5% to \$1,168.5 million due to record production rates and price increases realized during the period as compared to the same period in the prior year.
- Overall gross margin increased 740 basis points in 2023 due to increased organic volumes for operational efficiencies and better overhead absorption.
- We continue to invest in the future growth of the Company as evidenced by our \$104.3 million in capital expenditures in 2023, an increase \$50.3 million or 93.1% when compared to 2022 .
- We completed the repurchase of \$25.0 million of shares under our current share repurchase authorization.

We report our financial results based on three reportable segments: AAON Oklahoma, AAON Coil Products, and BASX, which are further described in Item 1 and Item 8. The Company's chief 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 income from operations. The CODM does not evaluate operating segments using asset or liability information.

Segment Operating Results for the Years Ended December 31, 2023 and 2022

	For the years ended December 31,				\$ Change	% Change
	2023	Percent of Sales ²	2022	Percent of Sales ¹		
<i>(in thousands)</i>						
Net Sales²						
AAON Oklahoma	\$ 897,919	76.8 %	\$ 663,845	74.7 %	\$ 234,074	35.3 %
AAON Coil Products	112,320	9.6 %	107,290	12.1 %	5,030	4.7 %
BASX	158,279	13.5 %	117,653	13.2 %	40,626	34.5 %
Net sales	\$ 1,168,518		\$ 888,788		\$ 279,730	31.5 %
Cost of Sales²						
AAON Oklahoma	\$ 577,852	64.4 %	490,862	73.9 %	\$ 86,990	17.7 %
AAON Coil Products	82,996	73.9 %	73,979	69.0 %	9,017	12.2 %
BASX	108,650	68.6 %	86,375	73.4 %	22,275	25.8 %
Cost of sales	\$ 769,498	65.9 %	\$ 651,216	73.3 %	\$ 118,282	18.2 %
Gross Profit²						
AAON Oklahoma	\$ 320,067	35.6 %	\$ 172,983	26.1 %	\$ 147,084	85.0 %
AAON Coil Products	29,324	26.1 %	33,311	31.0 %	(3,987)	(12.0)%
BASX	49,629	31.4 %	31,278	26.6 %	18,351	58.7 %
Gross profit	\$ 399,020	34.1 %	\$ 237,572	26.7 %	\$ 161,448	68.0 %

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 \$279.7 million, or 31.5%, with 17.0% of the increase coming from realization of price increases and the remaining 14.5% coming from increases in organic volume. AAON Coil Products had a smaller backlog and along with inefficiencies related to implementing a new production line of BASX product at AAON Coil Products led to smaller year over year increase sales for this segment. The increase in BASX net sales is primarily related to large jobs in the data center market as a result of the revenue synergies created by being part of AAON.

Gross profit as a percent of sales increased to 34.1% during 2023 as compared 26.7% in 2022. As noted above, realization of price increases has improved our margin profile along with the slowing of inflation. Additionally, most of the organic growth noted above comes from our AAON Oklahoma segment, significantly improving overhead absorption and margin performance. The increase in net sales at BASX has improved their overhead absorption, thus increasing their gross profit margin year over year.

As shown in the table below, we've experienced year over year fluctuations in the cost of several raw materials. We implemented multiple price increases during 2022 and 2023 to counteract the increased cost of material. Some of the price increases have yet to be realized. Additionally, in order to retain our existing employees, we continue to award periodic raises in addition to our annual merit raises to our employees.

Raw Material Costs

Twelve month average raw material cost per pound as of December 31:

	2023		2022		% Change
Copper	\$	5.35	\$	5.60	(4.5)%
Galvanized Steel	\$	0.58	\$	0.95	(38.9)%
Stainless Steel	\$	3.19	\$	3.30	(3.3)%
Aluminum	\$	2.54	\$	2.20	15.5 %

Selling, General and Administrative Expenses

	Years Ended December 31,		Percent of Sales			
	2023	2022	2023	2022		
	<i>(in thousands)</i>					
Warranty	\$	16,165	\$	8,497	1.4 %	1.0 %
Profit Sharing		24,590		14,009	2.1 %	1.6 %
Salaries & Benefits		53,281		41,351	4.6 %	4.7 %
Stock Compensation		9,318		7,025	0.8 %	0.8 %
Advertising		2,594		2,353	0.2 %	0.3 %
Depreciation & Amortization		13,761		8,050	1.2 %	0.9 %
Insurance		5,354		3,755	0.5 %	0.4 %
Professional Fees		15,372		5,754	1.3 %	0.6 %
Donations		1,242		1,134	0.1 %	0.1 %
Other		29,862		18,895	2.6 %	2.1 %
Total SG&A	\$	171,539	\$	110,823	14.7 %	12.5 %

Selling, general and administrative expenses increased \$60.7 million or 54.8% during 2023 as compared to the prior year. As a percentage of sales, selling, general and administrative increased from 12.5% to 14.7%. Most of the increase is due to professional fees that increased \$9.6 million due to the litigation settlement (Note 18).

Profit sharing increased \$10.6 million or 75.5% due to our increased operating results. Other expenses increased \$11.0 million or 58.0% during year due mostly to increased travel, consulting expenses and closing costs related to the 2023 New Market Tax Credit (Note 17).

Income Taxes

	Years Ended December 31,		Effective Tax Rate			
	2023	2022	2023	2022		
	<i>(in thousands)</i>					
Income tax provision	\$	45,531	\$	24,157	20.4 %	19.4 %

The Company's estimated annual 2023 effective tax rate, excluding discrete events, was 23.8%.

The increase year over year in the overall effective tax rate was primarily due the non-deductible executive compensation. 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 our high stock price and timing of executive stock option exercises this resulted in an increase to the income tax provision of \$3.8 million for the year ended December 31, 2023.

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 and cash equivalents decreased \$5.2 million from December 31, 2022 to December 31, 2023. As of December 31, 2023, we had \$9.0 million in cash and cash equivalents and restricted cash.

Revolving Line of Credit - Our revolving credit facility ("Revolver"), as amended and restated, provides for maximum borrowings of \$200.0 million. As of December 31, 2023 and December 31, 2022, we had an outstanding balance under the Revolver of \$38.3 million and \$71.0 million, respectively. We had two standby letters of credit totaling \$2.3 million as of December 31, 2023 and one standby letter of credit totaling \$0.8 million as of December 31, 2022. Borrowings available under the Revolver at December 31, 2023, were \$159.4 million. The Revolver expires on May 27, 2027.

Any outstanding loans under the Revolver bear interest at the daily compounded secured overnight financing rate ("SOFR") 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. At December 31, 2023 and 2022, the weighted average interest rate of our Revolver was 6.3% and 3.0%, respectively. 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 years ended December 31, 2023 and 2022.

If SOFR cannot be determined pursuant to the definition, as defined by the Revolver 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%.

At December 31, 2023, we were in compliance with our financial covenants, as defined by the Revolver. These covenants require that we meet certain parameters related to our leverage ratio. At December 31, 2023, our leverage ratio was 0.15 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 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 twenty-five 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 Investor, in the form of a loan receivable, with a term of twenty-five 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 is 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 the current expansion of our Longview, Texas manufacturing operations (the “Project”). In connection with the 2024 NMTC transaction, the Company received a \$15.5 million NMTC allocation for the 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 Investor, in the form of a loan receivable, with a term of twenty-five years, bearing an interest rate of 1.0%. This \$11.0 million in proceeds plus capital contributed from the 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 NMTCs.

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:

Agreement Execution Date	Authorized Repurchase \$	Expiration Date
March 13, 2020	\$20 million	November 9, 2022
November 3, 2022	\$50 million	**1, 2

¹ 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.

² As of December 31, 2023, there is approximately \$25.0 million remaining under the current stock repurchase program. The remaining amount available is subject to a Board authorized 10b5-1 plan requiring certain market conditions and requirements.

The Company also had a stock repurchase arrangement by which employee-participants in our 401(k) Plan were entitled to have shares in AAON, Inc. stock in their accounts sold to the Company. The 401(k) Plan was amended in June 2022 to discontinue this program. No additional shares have been purchased by the Company under this arrangement since June 2022.

Lastly, the Company repurchases shares of AAON, Inc. stock from certain of its employees for payment of statutory tax withholdings on stock transactions. All other repurchases from directors or employees are contingent upon Board approval. All repurchases are done at current market prices.

Our repurchase activity is as follows:

Program	2023			2022		
	<i>(in thousands, except share and per share data)</i>					
	Shares ¹	Total \$	\$ per share ¹	Shares ¹	Total \$	\$ per share ¹
Open market	402,873	\$ 25,009	\$ 62.08	183,168	\$ 6,823	\$ 37.25
401(k)	—	—	—	155,904	5,913	37.93
Employees	21,904	1,302	59.44	25,842	1,019	39.43
Total	424,777	\$ 26,311	\$ 61.94	364,914	\$ 13,755	\$ 37.69

¹ Reflects three-for-two stock split effective August 16, 2023.

Program	Inception to Date		
	<i>(in thousands, except share and per share data)</i>		
	Shares ¹	Total \$	\$ per share ¹
Open market	6,893,924	\$ 106,625	\$ 15.47
401(k)	12,462,552	171,789	13.78
Directors and employees	3,089,337	24,662	7.98
Total	22,445,813	\$ 303,076	\$ 13.50

¹ Reflects three-for-two stock split effective August 16, 2023.

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

Our recent dividends are as follows:

Declaration Date ¹	Record Date	Payment Date	Dividend per Share ²	Annualized Dividend per Share ²
May 18, 2022	June 3, 2022	July 1, 2022	\$0.13	\$0.26
November 8, 2022	November 28, 2022	December 16, 2022	\$0.16	\$0.32
March 1, 2023	March 13, 2023	March 31, 2023	\$0.08	\$0.32
May 18, 2023	June 9, 2023	June 30, 2023	\$0.08	\$0.32
August 18, 2023	September 8, 2023	September 29, 2023	\$0.08	\$0.32
November 10, 2023	November 29, 2023	December 18, 2023	\$0.08	\$0.32

¹ Effective with the cash dividend declared on March 1, 2023 (paid on March 31, 2023), the Company moved from semi-annual cash dividends to quarterly cash dividends.

² Reflects three-for-two stock split effective August 16, 2023.

On July 7, 2023, the Board of Directors declared a three-for-two stock split of the Company's common stock that was paid in the form of a stock dividend. Stockholders of record at the close of business on July 28, 2023 received one additional share for every two shares they held as of that date on August 16, 2023 (ex-dividend date August 17, 2023). All share and per share information has been updated to reflect the effects of this stock split.

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 2024 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 table below reflects a summary of our net cash flows provided by operating activities, net cash flows used in investing activities, and net cash flows provided by financing activities for the years indicated.

	<u>2023</u>	<u>2022</u>
	<i>(in thousands)</i>	
Operating Activities		
Net Income	\$ 177,623	\$ 100,376
Income statement adjustments, net	58,166	38,516
Changes in assets and liabilities:		
Accounts receivable	(9,978)	(56,306)
Income taxes	(11,302)	18,195
Inventories	(16,226)	(71,409)
Contract assets	(30,043)	(9,402)
Prepaid expenses and other long-term assets	(1,048)	(2,367)
Accounts payable	(18,316)	11,574
Contract liabilities	(7,667)	13,882
Extended warranties	2,600	1,314
Accrued liabilities and other long-term liabilities	15,086	16,945
Net cash provided by operating activities	<u>158,895</u>	<u>61,318</u>
Investing Activities		
Capital expenditures	(104,294)	(54,024)
Cash paid for building (Note 4)	—	(22,000)
Cash paid in business combination, net of cash acquired	—	(249)
Acquisition of intangible assets	(5,197)	—
Other	180	60
Net cash used in investing activities	<u>(109,311)</u>	<u>(76,213)</u>
Financing Activities		
Borrowings under revolving credit facility	597,111	225,758
Payments under revolving credit facility	(629,787)	(194,754)
Proceeds from financing obligation, net of issuance costs	6,061	—
Payment related to financing costs	(398)	—
Principal payments on financing lease	—	(115)
Stock options exercised	33,259	23,140
Repurchase of stock	(25,009)	(12,737)
Employee taxes paid by withholding shares	(1,302)	(1,018)
Cash dividends paid to stockholders	(26,445)	(22,917)
Net cash (used in) provided by financing activities	<u>\$ (46,510)</u>	<u>\$ 17,357</u>

Cash Flows from 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. In early 2022, the Company began increasing 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.

Payment terms for BASX jobs typically require upfront cash to fund the job resulting in cash inflows related to our contract liabilities and cash inflows fluctuate due to job timing and scheduling.

The decrease in cash flows from income taxes is primarily due to the 2017 Tax Cuts & Jobs Act, which requires research and development expenses incurred after December 31, 2021 to be capitalized and amortized over 5 years. This defers our current period income tax deduction which increased our income tax payments due at the end of 2022.

Cash Flows from Investing Activities

The capital expenditures increase during 2023 related to our continued investment in our production capabilities. Purchases during 2023 relate to additional sheet metal and other machinery for both replacement and growth, additional production and warehouse space in Longview, Texas, additional office space in Tulsa, Oklahoma, additional land in Tulsa, Oklahoma for future growth, and a partial interest in an airplane. The cash paid for building is related to the purchase of the BASX office and manufacturing facility in May 2022 (Note 4).

Our capital expenditure program for 2024 is estimated to be approximately \$125.0 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 from Financing Activities

The change in cash from financing activities in 2023 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 increased operating results and financial condition.

Furthermore, cash flows from financing activities is historically affected by the timing of stock options exercised by our employees. Stock options exercised increased due to the increase in the number of employee options exercised and increase in our average stock price during 2023 as compared to the previous period.

Additionally, we repurchased approximately 424,777 shares for approximately \$26.3 million during 2023 (Note 16).

Effective with the cash dividend declared on March 1, 2023 (paid on March 31, 2023), the Company moved from semi-annual cash dividends to quarterly cash dividends.

Commitments and Contractual Agreements

We are occasionally party to short-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 materials 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. In 2023, the Company executed a five-year purchase commitment for refrigerants. In 2023, the Company made payments of \$10.1 million on this contract. Estimated minimum future payments are \$11.9 million, \$9.1 million, \$10.5 million, and \$11.2 million for 2024, 2025, 2026, and 2027, respectively. We had no other material contractual purchase obligations as of December 31, 2023.

Contingencies

We are subject to various claims and legal actions that arise in the ordinary course of business. 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. See Note 18 of the Consolidated Financial Statements for additional information with respect to specific legal proceedings.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America ("US GAAP") and the Company's discussion and analysis of its financial condition and operating results require management to make estimates and assumptions about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, and expenses in our consolidated financial statements and related notes. We base our estimates, assumptions, and judgments on historical experience, current trends, and other factors believed to be relevant at the time our consolidated financial statements are prepared. However, because future events and their effects cannot be determined with certainty, actual results could differ from our estimates and assumptions, and such differences could be material. We believe the following critical accounting policies affect our more significant estimates, assumptions and judgments used in the preparation of our consolidated financial statements. We discuss these estimates with the Audit Committee of the Board of Directors periodically.

Inventory - Raw material or component inventory typically transfers from one stage of manufacturing to another where it accumulates additional costs directly incurred with the production of finished goods, including estimated standard labor and overhead costs. Labor and overhead costs associated with the manufacturing of our products are capitalized into inventory on an estimated standard basis. These include certain direct and indirect costs such as compensation, manufacturing, and facility costs associated with manufacturing support functions. We continually monitor our labor and overhead standard costs to ensure that standard costs reasonably reflects our actual costs and make manual adjustments the value of inventory accordingly. Our manual adjustments from standard to actual labor and overhead costs contain uncertainties that require management to make assumptions and to apply judgment regarding a number of factors, including inventory turns, supply usage, manufacturing efficiencies, and historical production costs.

Inventory Reserves – We establish a reserve for inventories based on the change in inventory requirements due to product line changes, the feasibility of using obsolete parts for upgraded part substitutions, the required parts needed for part supply sales and replacement parts, and for estimated shrinkage. Assumptions used to estimate inventory reserves include future manufacturing requirements and industry trends. Evolving technology and changes in product mix or customer demand can significantly affect the outcome of this analysis.

Warranty Accrual – A provision is made for estimated warranty costs at the time the product is shipped and revenue is recognized. Our product warranty policy is the earlier of one year from the date of first use or 18 months from date of shipment for parts only; 18 months for data center cooling solutions and cleanroom systems; an additional four years for compressors (if applicable); 15 years on aluminized steel gas-fired heat exchangers (if applicable); 25 years on stainless steel heat exchangers (if applicable); and ten years on gas-fired heat exchangers in our historical RL products (if applicable). Our warranty policy for the RQ series covers parts for two years from date of unit shipment. Our warranty policy for the WH and WV Series geothermal/water-source heat pumps covers parts for five years from the date of installation. Warranty expense is estimated based on the warranty period, historical warranty trends and associated costs, and any known identifiable warranty issue.

Due to the absence of warranty history on new products, an additional provision may be made for such products. Our estimated future warranty cost is subject to adjustment from time to time depending on changes in actual warranty trends and cost experience. Should actual claim rates differ from our estimates, revisions to the estimated product warranty liability would be required.

Share-Based Compensation – We measure and recognize compensation expense for all share-based payment awards made to our employees and directors, including stock options, restricted stock awards, performance stock units ("PSUs"), and key employee awards ("Key Employee Awards") based on their fair values at the time of grant. Compensation expense is recognized on a straight-line basis over the service period of stock options, restricted stock awards, and PSUs. Compensation expense is recognized for the Key Employee Awards on a straight line basis over the service period when the performance condition is determined to be probable. Forfeitures are accounted for as they occur. The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option pricing model. The fair value of the PSUs is estimated on the date of grant using the Monte Carlo Model. The use of the Black-Scholes-Merton option valuation model and the Monte Carlo Model requires the input of subjective assumptions such as: the expected volatility, the expected term of the grant, forward-looking market conditions, risk-free rate, and expected dividend yield for stock options. The fair value of restricted stock awards and Key Employee Awards is based on the fair market value of AAON common stock on the respective grant dates. The fair value of restricted stock awards is reduced for the present value of dividends.

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. 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.

To perform this assessment, we first consider qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit and indefinite-lived intangible assets exceeds their carrying amount. If we conclude that it is more likely than not that the fair value of a reporting unit and indefinite-lived assets does not exceed their carrying amount, we calculate the fair value for the reporting unit and indefinite-lived assets and compare the amount to their carrying amount. If the fair value of a reporting unit and indefinite-lived asset exceeds their carrying amount, the reporting unit and indefinite-lived assets are not considered impaired. If the carrying amount of the reporting unit and indefinite-lived assets exceeds their fair value, the reporting unit and indefinite-lived assets are considered to be impaired and the balance is reduced by the difference between the fair value and carrying amount of the reporting unit and indefinite-lived assets.

We performed a qualitative assessment as of December 31, 2023 to determine whether it was more likely than not that the fair value of the reporting unit and indefinite-lived assets was greater than the carrying value of the reporting unit and indefinite-lived assets. Based on these qualitative assessments, we determined that the fair value of the reporting unit and indefinite-lived assets was more likely than not greater than the carrying value of the reporting unit and indefinite-lived assets.

Estimates and assumptions used to perform the impairment evaluation are inherently uncertain and can significantly affect the outcome of the analysis. The estimates and assumptions we use in the annual impairment assessment included macro-industry trends, market participant considerations, historical profitability, including free cash flows, and forecasted multi-year operating results. Changes in operating results and other assumptions could materially affect these estimates. A considerable amount of management judgment and assumptions are required in performing the impairment tests.

New 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.

We consider the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial statements and notes thereto.

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to SEC’s Disclosure Update and Simplification Initiative. The new guidance is intended to update a variety of disclosure requirements. The effective date for each amendment will be the date on with the SEC’s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective. Early adoption is prohibited. Upon adoption, this ASU is not expected to have a material impact on the Company’s financial statements and related disclosures.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280). The new guidance improves reportable segment disclosures primarily through enhanced disclosures about significant segment expenses and by requiring current annual disclosures to be provided in interim periods. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. Upon adoption, this ASU is not expected to have a material impact on the Company’s financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740). The new guidance is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this ASU are effective for annual periods beginning after December 15, 2024. Upon adoption, this ASU is not expected to have a material impact on the Company’s financial statements and related disclosures.

Item 7A. 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, occasionally, we 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 December 31, 2023, we had an outstanding balance of \$38.3 million. For each one percentage point increase in the interest rate applicable to our outstanding debt, our annual income before taxes would decrease by approximately \$0.4 million.

Item 8. Financial Statements and Supplementary Data.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
AAON, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of AAON, Inc. (a Nevada corporation) and subsidiaries (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of income, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated February 28, 2024 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2004.

Tulsa, Oklahoma
February 28, 2024

AAON, Inc. and Subsidiaries
Consolidated Balance Sheets

	December 31,	
	2023	2022
	<i>(in thousands, except share and per share data)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 287	\$ 5,451
Restricted cash	8,736	498
Accounts receivable, net	138,108	127,158
Inventories, net	213,532	198,939
Contract assets	45,194	15,151
Prepaid expenses and other	3,097	1,919
Total current assets	408,954	349,116
Property, plant and equipment:		
Land	15,438	8,537
Buildings	205,841	169,156
Machinery and equipment	391,366	342,045
Furniture and fixtures	40,787	30,033
Total property, plant and equipment	653,432	549,771
Less: Accumulated depreciation	283,485	245,026
Property, plant and equipment, net	369,947	304,745
Intangible assets, net	68,053	64,606
Goodwill	81,892	81,892
Right of use assets	11,774	7,123
Other long-term assets	816	6,421
Total assets	\$ 941,436	\$ 813,903
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 27,484	\$ 45,513
Accrued liabilities	85,508	78,630
Contract liabilities	13,757	21,424
Total current liabilities	126,749	145,567
Revolving credit facility, long-term	38,328	71,004
Deferred tax liabilities	12,134	18,661
Other long-term liabilities	16,807	11,508
New markets tax credit obligations ¹	12,194	6,449
Commitments and contingencies (Note 18)		
Stockholders' equity:		
Preferred stock, \$.001 par value, 5,000,000 shares authorized, no shares issued	—	—
Common stock, \$.004 par value, 100,000,000 shares authorized, 81,508,381 and 80,137,776 issued and outstanding at December 31, 2023 and 2022, respectively ²	326	322
Additional paid-in capital	122,063	98,735
Retained earnings ²	612,835	461,657
Total stockholders' equity	735,224	560,714
Total liabilities and stockholders' equity	\$ 941,436	\$ 813,903

¹ Held by variable interest entities (Note 17)

² Reflects three-for-two stock split effective August 16, 2023.

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

AAON, Inc. and Subsidiaries
Consolidated Statements of Income

	Years Ended December 31,		
	2023	2022	2021
	<i>(in thousands, except share and per share data)</i>		
Net sales	\$ 1,168,518	\$ 888,788	\$ 534,517
Cost of sales	769,498	651,216	396,687
Gross profit	399,020	237,572	137,830
Selling, general and administrative expenses	171,539	110,823	68,598
Gain on disposal of assets	(13)	(12)	(21)
Income from operations	227,494	126,761	69,253
Interest expense, net	(4,843)	(2,627)	(132)
Other income, net	503	399	61
Income before taxes	223,154	124,533	69,182
Income tax provision	45,531	24,157	10,424
Net income	<u>\$ 177,623</u>	<u>\$ 100,376</u>	<u>\$ 58,758</u>
Earnings per share:			
Basic ¹	<u>\$ 2.19</u>	<u>\$ 1.26</u>	<u>\$ 0.75</u>
Diluted ¹	<u>\$ 2.13</u>	<u>\$ 1.24</u>	<u>\$ 0.73</u>
Cash dividends declared per common share ¹ :	<u>\$ 0.32</u>	<u>\$ 0.29</u>	<u>\$ 0.25</u>
Weighted average shares outstanding:			
Basic ¹	<u>81,156,114</u>	<u>79,582,480</u>	<u>78,606,298</u>
Diluted ¹	<u>83,295,290</u>	<u>81,145,610</u>	<u>80,593,484</u>
¹ Reflects three-for-two stock split effective August 16, 2023.			

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

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

	<u>Common Stock</u>		<u>Paid-in</u>	<u>Retained</u>	
	<u>Shares¹</u>	<u>Amount¹</u>	<u>Capital</u>	<u>Earnings¹</u>	<u>Total</u>
	<i>(in thousands)</i>				
Balance at December 31, 2020	78,337	\$ 317	\$ 5,161	\$ 345,387	\$ 350,865
Net income	—	—	—	58,758	58,758
Stock options exercised and restricted stock awards granted	935	2	21,146	—	21,148
Share-based compensation	—	—	11,812	—	11,812
Stock repurchased and retired	(480)	(1)	(22,465)	—	(22,466)
Contingent consideration (Note 4)	—	—	66,000	—	66,000
Dividends	—	—	—	(19,947)	(19,947)
Balance at December 31, 2021	78,792	318	81,654	384,198	466,170
Net income	—	—	—	100,376	100,376
Stock options exercised and restricted stock awards granted	1,711	5	23,135	—	23,140
Share-based compensation	—	—	13,700	—	13,700
Stock repurchased and retired	(365)	(1)	(13,754)	—	(13,755)
Contingent consideration (Note 4)	—	—	(6,000)	—	(6,000)
Dividends	—	—	—	(22,917)	(22,917)
Balance at December 31, 2022	80,138	322	98,735	461,657	560,714
Net income	—	—	—	177,623	177,623
Stock options exercised and restricted stock awards granted	1,795	7	33,252	—	33,259
Share-based compensation	—	—	16,384	—	16,384
Stock repurchased and retired	(425)	(3)	(26,308)	—	(26,311)
Dividends	—	—	—	(26,445)	(26,445)
Balance at December 31, 2023	<u>81,508</u>	<u>\$ 326</u>	<u>\$ 122,063</u>	<u>\$ 612,835</u>	<u>\$ 735,224</u>

¹Reflects three-for-two stock split effective August 16, 2023.

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

AAON, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2023	2022	2021
Operating Activities	<i>(in thousands)</i>		
Net income	\$ 177,623	\$ 100,376	\$ 58,758
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	46,468	35,106	30,343
Amortization of debt issuance costs	82	43	43
Amortization of right of use assets	324	324	73
(Recoveries of) provision for credit losses on accounts receivable, net of adjustments	(154)	(72)	43
Provision for excess and obsolete inventories, net of write-offs	1,633	2,740	629
Share-based compensation	16,384	13,700	11,812
Gain on disposition of assets	(13)	(12)	(21)
Foreign currency transaction (gain) loss	(10)	41	(1)
Interest income on note receivable	(21)	(22)	(24)
Deferred income taxes	(6,527)	(13,332)	3,669
Changes in assets and liabilities:			
Accounts receivable	(9,978)	(56,306)	(9,737)
Income taxes	(11,302)	18,195	(1,136)
Inventories	(16,226)	(71,409)	(45,955)
Contract assets	(30,043)	(9,402)	1,886
Prepaid expenses and other long-term assets	(1,048)	(2,367)	1,374
Accounts payable	(18,316)	11,574	10,899
Contract liabilities	(7,667)	13,882	(229)
Extended warranties	2,600	1,314	447
Accrued liabilities and other long-term liabilities	15,086	16,945	(1,690)
Net cash provided by operating activities	<u>158,895</u>	<u>61,318</u>	<u>61,183</u>
Investing Activities			
Capital expenditures	(104,294)	(54,024)	(55,362)
Cash paid for building (Note 4)	—	(22,000)	—
Cash paid in business combination, net of cash acquired	—	(249)	(103,430)
Proceeds from sale of property, plant and equipment	129	12	19
Acquisition of intangible assets	(5,197)	—	—
Principal payments from note receivable	51	48	54
Net cash used in investing activities	<u>(109,311)</u>	<u>(76,213)</u>	<u>(158,719)</u>
Financing Activities			
Borrowings under revolving credit facility	597,111	225,758	40,000
Payments under revolving credit facility	(629,787)	(194,754)	—
Proceeds from financing obligation, net of issuance costs	6,061	—	—
Payments related to financing costs	(398)	—	—
Principal payments on financing lease	—	(115)	—
Stock options exercised	33,259	23,140	21,148
Repurchase of stock	(25,009)	(12,737)	(20,876)
Employee taxes paid by withholding shares	(1,302)	(1,018)	(1,590)
Dividends paid to stockholders	(26,445)	(22,917)	(19,947)
Net cash (used in) provided by financing activities	<u>(46,510)</u>	<u>17,357</u>	<u>18,735</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>3,074</u>	<u>2,462</u>	<u>(78,801)</u>
Cash, cash equivalents and restricted cash, beginning of year	<u>5,949</u>	<u>3,487</u>	<u>82,288</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 9,023</u>	<u>\$ 5,949</u>	<u>\$ 3,487</u>

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

AAON, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

1. Business Description

AAON, Inc. is a Nevada corporation which was incorporated on August 18, 1987. Our operating subsidiaries include AAON, Inc., an Oklahoma corporation, AAON Coil Products, Inc., a Texas corporation, and BASX, Inc., an Oregon corporation (collectively, the “Company”). The consolidated financial statements include our accounts and the accounts of our subsidiaries.

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.

Inflation and Labor Market

In late 2021 and throughout 2022, we witnessed increases in our raw material and component prices. Due to our favorable liquidity position, we continued to make strategic purchases of materials when we see opportunities. We continue to manage the increase in the cost of raw materials through price increases for our products. We have also experienced supply chain challenges related to specific manufacturing parts, which we have managed through our strong vendor relationships as well as expanding our list of vendors.

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

- In March 2021, we awarded annual merit raises for an overall 5.0% increase to wages.
- In July 2021, we increased starting wages for our production workforce by 7.0%.
- In October 2021, we implemented a cost of living increase of 3.5% in place for all employees below our Senior Leadership Team ("SLT"), which consists of officers and key members of management.
- In March 2022, we awarded annual merit raises for an overall 3.0% increase to wages.
- In October 2022, we implemented a cost of living increase of 3.5% in place for all employees below the SLT level.
- In March 2023, we awarded annual merit raises for an overall 3.9% increase to wages.

We will continue to implement human resource initiatives to retain and attract labor to further improve productivity and production efficiencies.

Despite efforts to mitigate the impact of inflation, supply chain issues and the tight labor market, future disruptions, while temporary, could negatively impact our consolidated financial position, results of operations and cash flows.

First Quarter 2021 Planned Maintenance and Adverse Weather

During the fourth quarter of 2020, we made the strategic decision to shut down our Tulsa, OK and Longview, TX manufacturing facilities to perform planned and necessary maintenance during the last week of December 2020 as well several days in early January 2021.

In February 2021, record-breaking winter storms affected Oklahoma and Texas, causing sustained below freezing temperatures, hazardous driving conditions, rolling blackouts, water main breaks, and a host of other weather related issues. In addition to significant absenteeism as a result of employees being unable to travel to and from work due to inadequate transportation and/or hazardous road conditions, the Company made the decision to shut down the Tulsa, OK and Longview, TX plants for several days. This decision was based on the expected employee absenteeism, as well as the expected rolling blackouts caused by the increased demand on the electrical and natural gas power grids.

WH Series and WV Series Water Source Heat Pump Units

As part of the normal course of business, management continually monitors the profitability of the Company's various product series offerings. During the third quarter of 2022, management made the decision to no longer produce our small packaged geothermal/water-source heat pump units consisting of the WH Series horizontal configuration and WV Series vertical configuration, from one-half to 12 1/2 tons ("WH/WV"). These WH/WV units were produced solely out of the AAON Oklahoma facility. Production of the remaining WH/WV backlog was completed during the second quarter 2023.

Change in Estimate

During the first quarter of 2022, a review of the Company's useful lives for certain sheet metal manufacturing equipment at our Longview, Texas facilities resulted in a change in estimate that increased the useful lives from between ten and twelve years to fifteen years. This determination was based on recent and estimated future production levels as well as management's knowledge of the equipment and historical and future use of the equipment. The change in estimate was made prospectively and resulted in a decrease to depreciation expense within cost of sales on our consolidated statements of income of \$1.8 million during the year ended December 31, 2022.

We do not believe the impact of these events had a material adverse effect on our consolidated financial position, results of operations and cash flows.

2. Summary of Significant Accounting Policies

Principles of Consolidation

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated.

Our financial statements also 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 five variable interest entities ("VIEs") (Note 17) 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.

On December 10, 2021, we closed on the acquisition of all of the issued and outstanding equity ownership of BASX, LLC, doing business as BASX Solutions (Note 4). On December 29, 2021, BASX, LLC converted to a C-Corporation, BASX, Inc. ("BASX"), and is subject to income tax. We have included the results of BASX's operations in our consolidated financial statements beginning December 11, 2021.

Cash and Cash Equivalents

We consider all highly liquid temporary investments with original maturity dates of three months or less to be cash equivalents. Cash and cash equivalents consist of bank deposits and highly liquid, interest-bearing money market funds.

The Company's cash and cash equivalents are held in a few financial institutions in amounts that exceed the insurance limits of the Federal Deposit Insurance Corporation. However, management believes that the Company's counterparty risks are minimal based on the reputation and history of the institutions selected.

Restricted Cash

Restricted cash held at December 31, 2023 and December 31, 2022 consists of bank deposits and highly liquid, interest-bearing money market funds held for the purpose of the Company's qualified New Markets Tax Credit programs (Note 17) to benefit an investment in plant and equipment to facilitate the expansion of our Longview, Texas manufacturing operations.

The Company's restricted cash is held in financial institutions in amounts that exceed the insurance limits of the Federal Deposit Insurance Corporation. However, management believes that the Company's counterparty risks are minimal based on the reputation and history of the institutions selected.

Accounts and Note Receivable

Accounts and note receivable are stated at amounts due from customers, net of an allowance for credit losses. We generally do not require that our customers provide collateral; however, our billings and customer payment terms can vary based on product type as a way to manage collections risk. The Company determines its allowance for credit losses by considering a number of factors, including the credit risk of specific customers, the customer's ability to pay current obligations, historical trends, economic and market conditions, and the age of the receivable. Accounts are considered past due when the balance has been outstanding for ninety days past negotiated credit terms. Past due accounts are generally written-off against the allowance for credit losses only after all collection attempts have been exhausted.

Concentration of Credit Risk

Our customers are concentrated primarily in the domestic commercial and industrial new construction and replacement markets. To date, our sales have been primarily to the domestic market, with foreign sales accounting for approximately 3.4%, 3.1%, and 3.0% of revenues for the years ended December 31, 2023, 2022, and 2021, respectively.

For the years-ended December 31, 2023, 2022, and 2021, Texas AirSystems accounted for approximately 13.8%, 12.4%, and 11.7% of our sales, respectively. Through portfolio groups, Meriton has an ownership interest in Texas AirSystems and certain other of our sales representatives. The aggregate sales percentages through Meriton-affiliated groups that are in addition to Texas AirSystems' sales for the years-ended December 31, 2023, 2022 and 2021 accounted for an additional 2.3%, 1.4% and 2.7%, respectively. Two other similar groups, Ambient and Hobbs/Insight, share common ownership of some of our other sales representatives through portfolio groups and for the year-ended December 31, 2023, aggregate sales through their portfolio groups accounted for approximately 11.5% and 10.2% of our sales, respectively. Sales through the portfolio groups of either Ambient or Hobbs/Insight did not account for 10% or more of our sales for any years-ended prior to December 31, 2023.

As of December 31, 2023 and 2022, Texas AirSystems accounted for approximately 13.5% and 12.3%, of our accounts receivable balance, respectively. The aggregate percentages through Meriton-affiliated groups that are in addition to Texas AirSystems' accounts receivable as of December 31, 2023 and 2022, accounted for an additional 2.0% and 3.2%, respectively. Two other similar groups, Ambient and Hobbs/Insight, aggregate percentages through their portfolio groups accounted for approximately 16.8% and 11.5% of our accounts receivable as of December 31, 2023, respectively. Accounts receivables of the portfolio groups did not account for 10% or more of our accounts receivable as of December 31, 2022, except for Ambient's aggregate percentage of approximately 10.9%.

Inventories

Inventories are valued at the lower of cost or net realizable value using the first-in, first-out ("FIFO") or average cost method. Cost in inventory includes purchased parts and materials, direct labor and applied manufacturing overhead. 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.

Property, Plant and Equipment

Property, plant, and equipment, including significant improvements, are recorded at cost, net of accumulated depreciation; except for property, plant, and equipment acquired in a business combination which is recorded at fair value. Repairs and maintenance and any gains or losses on disposition are included in operations.

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

Buildings and leasehold improvements	3 - 40 years
Machinery and equipment	3 - 20 years
Furniture and fixtures	3 - 15 years

Business Combinations

The Company applies the acquisition method of accounting for business acquisitions. The results of operations of the businesses acquired by the Company are included as of the respective acquisition date. The acquisition date fair value of the consideration transferred, including the fair value of any contingent consideration, is allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. To the extent the acquisition date fair value of the consideration transferred exceeds the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed, such excess is allocated to goodwill. The Company may adjust the preliminary purchase price allocation, as necessary, as it obtains more information regarding asset valuations and liabilities assumed that existed but were not available at the acquisition date, which is generally up to one year after the acquisition closing date. Acquisition related expenses are recognized separately from the business combination and are expensed as incurred.

Fair Value Financial Instruments and 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 revolving line of credit, 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 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 1-6 years.

Definite-Lived Intangible Assets

Our definite-lived intangible assets include various trademarks, service marks, and technical knowledge acquired in business combinations (Note 4) 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 December 31, 2023 is expected to be tax deductible in future periods. Indefinite-lived intangible assets consist of trademarks, trade names, and internal-use software. 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.

To perform this assessment, we first consider qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit and indefinite-lived intangible assets exceeds their carrying amount. If we conclude that it is more likely than not that the fair value of a reporting unit and indefinite-lived assets does not exceed their carrying amount, we calculate the fair value for the reporting unit and indefinite-lived assets and compare the amount to their carrying amount. If the fair value of a reporting unit and indefinite-lived asset exceeds their carrying amount, the reporting unit and indefinite-lived assets are not considered impaired. If the carrying amount of the reporting unit and indefinite-lived assets exceeds their fair value, the reporting unit and indefinite-lived assets are considered to be impaired and the balance is reduced by the difference between the fair value and carrying amount of the reporting unit and indefinite-lived assets.

We performed a qualitative assessment as of December 31, 2023 to determine whether it was more likely than not that the fair value of the reporting unit and indefinite-lived assets was greater than the carrying value of the reporting unit and indefinite-lived assets. Based on these qualitative assessments, we determined that the fair value of the reporting unit and indefinite-lived assets was more likely than not greater than the carrying value of the reporting unit and indefinite-lived assets.

Estimates and assumptions used to perform the impairment evaluation are inherently uncertain and can significantly affect the outcome of the analysis. The estimates and assumptions we use in the annual impairment assessment included market participant considerations and future forecasted operating results. Changes in operating results and other assumptions could materially affect these estimates. A considerable amount of management judgment and assumptions are required in performing the impairment tests.

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

	Years Ended December 31,	
	2023	2022
	<i>(in thousands)</i>	
Balance, beginning of period	\$ 81,892	\$ 85,727
Additions due to acquisitions	—	—
Decreases due to acquisition adjustments (Note 4)	—	(3,835)
Balance, end of period	<u>81,892</u>	<u>81,892</u>

The acquisition adjustments were recorded during the first quarter of 2022. The revisions were the result of the finalization of our preliminary estimates and third party valuation models related to the acquisition of BASX (Note 4) in 2021. The impact of such revisions on consolidated net income were not significant.

Contingent Consideration

As part of a business combination, we agreed to issue shares of the Company's common stock based on certain milestones in accordance with the acquisition agreement. This contingent consideration is valued at fair value on the acquisition date and is included in additional paid-in capital on the consolidated balance sheets.

Impairment of Long-Lived Assets

We review long-lived assets for possible impairment when events or changes in circumstances indicate, in management's judgment, that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of an asset or asset group to its estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the undiscounted cash flows are less than the carrying amount of the asset or asset group, an impairment loss is recognized for the amount by which the carrying amount of the asset or asset group exceeds its fair value.

Research and Development

The costs associated with research and development for the purpose of developing and improving new products are expensed as incurred. For the years ended December 31, 2023, 2022, and 2021 research and development costs amounted to approximately \$43.7 million, \$46.8 million, and \$16.6 million, respectively. The significant increase for the year ended December 31, 2022 was related to the inclusion of a full year of operations of BASX (Note 4), as well as our commitment to product performance and innovation.

Advertising

Advertising costs are expensed as incurred and included in selling, general, and administrative expenses on our consolidated statement of income. Advertising expense for the years ended December 31, 2023, 2022, and 2021 was approximately \$2.6 million, \$2.4 million, and \$1.6 million, respectively.

Shipping and Handling

We incur shipping and handling costs in the distribution of products sold that are recorded in cost of sales. Shipping charges that are billed to the customer are recorded in revenues and as an expense in cost of sales. For the years ended December 31, 2023, 2022, and 2021 shipping and handling fees amounted to approximately \$29.0 million, \$24.4 million, and \$14.4 million, respectively.

Income Taxes

Income taxes are accounted for under the asset and liability method. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the book carrying amounts and the tax basis of assets and liabilities. Excess tax benefits and deficiencies are reported as an income tax benefit or expense on the statement of income and are treated as discrete items to the income tax provision in the reporting period in which they occur. We establish accruals for unrecognized tax positions when it is more likely than not that our tax return positions may not be fully sustained. The Company records a valuation allowance for deferred tax assets when, in the opinion of management, it is more likely than not that deferred tax assets will not be realized.

Share-Based Compensation

The Company recognizes expense for its share-based compensation based on the fair value of the awards that are granted. The Company's share-based compensation plans provide for the granting of stock options, restricted stock, and performance stock units ("PSUs"). In conjunction with the acquisition of BASX (Note 4), we awarded performance awards to key employees ("Key Employee Awards") of BASX.

The fair values of stock options are estimated at the date of grant using the Black-Scholes-Merton option valuation model. The fair value of the PSUs is estimated on the date of grant using the Monte Carlo Model. The use of the Black-Scholes-Merton option valuation model and the Monte Carlo Model requires the input of subjective assumptions such as: the expected volatility, the expected term of the grant, expected market performance, risk-free rate, and expected dividend yield for stock options. The fair value of restricted stock awards and Key Employee Awards is based on the fair market value of AAON common stock on the respective grant dates. The fair value of restricted stock awards is reduced for the present value of dividends. The Key Employee Awards and PSUs do not accrue dividends.

Share-based compensation expense is recognized on a straight-line basis over the service period of the related share-based compensation award. Historically, stock options and restricted stock awards, granted to employees, vested at a rate of 20% per year. Restricted stock awards granted to directors historically vest over the shorter of directors' remaining elected term or one-third each year. Beginning March 2021, all new grants of stock options and restricted stock awards granted to employees, vest at a rate of 33.3% per year. Forfeitures are accounted for as they occur.

Historically, 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, if retirement eligible on grant date, or 2) the period between grant date and retirement eligible date. All share-based compensation awards granted on or after March 1, 2020 to retirement eligible employees or directors contain a one-year employment requirement (minimum service period) or the entire award is forfeited. 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.

The Key Employee Awards cliff vest on December 31, 2023. Share-based compensation expense is recognized on a straight-line basis over the service period of the Key Employee Awards when it is probable that the performance conditions will be satisfied. The Key Employee Awards are subject to several service and performance conditions, as defined by the Key Employee Award agreement, which allows the holder to retain an amount of the awards as a result of certain termination conditions or change in common control. Forfeitures are accounted for as they occur.

Derivative Instruments

In the course of normal operations, the Company occasionally enters into contracts such as forward priced physical contracts for the purchase of raw materials that qualify for and are designated as normal purchase or normal sale contracts. Such contracts are exempted from the fair value accounting requirements and are accounted for at the time product is purchased or sold under the related contract. The Company does not engage in speculative transactions, nor does the Company hold or issue financial instruments for trading purposes.

Revenue Recognition

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 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.

For all other products that are part sales or standardized units, the Company recognizes revenue, presented net of sales tax, when it satisfies the performance obligation in its contracts. As 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.

Historically, sales of our products were moderately seasonal with the peak period being May-October of each year due to timing of construction projects being directly related to warmer weather. However, in recent years, given the increases in demand of our product and increases in our backlog, sales has become more constant throughout the year.

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 a 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 was \$59.2 million, \$39.1 million, and \$43.9 million for each of the years ended December 31, 2023, 2022, and 2021, respectively.

Insurance Reserves

Under the Company's insurance programs, coverage is obtained for significant liability limits as well as those risks required to be insured by law or contract. It is the policy of the Company to self-insure a portion of certain expected losses related primarily to workers' compensation and medical liability. Provisions for losses expected under these programs are recorded based on the Company's estimates of the aggregate liabilities for the claims incurred.

Leases

New leases entered into by the Company are assessed at lease inception for proper lease classification. At December 31, 2023 and 2022, all of our leases are classified as operating leases.

We have entered into various short-term operating leases with an initial term of twelve months or less. These leases are not recorded on our consolidated balance sheets as of December 31, 2023 and 2022, and the rent expense for these short-term leases is not significant.

As our leases do not provide an implicit interest rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Our incremental borrowing rate represents the interest rate which we would pay to borrow an amount equal to the lease payments over a similar term in a similar economic environment.

Expense related to these leases is recognized on straight-line basis over the lease term. Certain of our leases contain escalating lease payments based on predefined increases. Most leases contain options to renew or terminate. Right-of-use assets and lease liabilities reflect only the options which the Company is reasonably certain to exercise.

The Company's leases generally require us to pay for insurance, taxes, utilities, and other operating costs. These payments are not included in the right-of-use asset or lease liability and are expensed as incurred.

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, workers' compensation accrual, medical insurance 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.

3. Revenue Recognition

The following tables show disaggregated net sales by reportable segment (Note 22) by major source, net of intercompany sales eliminations.

	Year Ended December 31, 2023			
	AAON Oklahoma	AAON Coil Products	BASX	Total
	<i>(in thousands)</i>			
Rooftop Units	\$ 804,254	\$ —	\$ —	\$ 804,254
Condensing Units	61	42,739	—	42,800
Air Handlers	—	44,040	17,790	61,830
Outdoor Mechanical Rooms	208	298	—	506
Cleanroom Systems	—	—	45,191	45,191
Data Center Cooling Solutions	—	8,247	93,052	101,299
Water-Source Heat Pumps	3,128	12,770	—	15,898
Part Sales	66,413	6	1,277	67,696
Other	23,855	4,220	969	29,044
	<u>\$ 897,919</u>	<u>\$ 112,320</u>	<u>\$ 158,279</u>	<u>\$ 1,168,518</u>

	Year Ended December 31, 2022			
	AAON Oklahoma	AAON Coil Products	BASX	Total
	<i>(in thousands)</i>			
Rooftop Units	\$ 579,363	\$ —	\$ —	\$ 579,363
Condensing Units	302	46,287	—	46,589
Air Handlers	—	47,442	14,434	61,876
Outdoor Mechanical Rooms	612	855	—	1,467
Cleanroom Systems	—	—	47,020	47,020
Data Center Cooling Solutions	—	—	53,522	53,522
Water-Source Heat Pumps	11,529	8,797	—	20,326
Part Sales	52,927	—	671	53,598
Other	19,112	3,909	2,006	25,027
	<u>\$ 663,845</u>	<u>\$ 107,290</u>	<u>\$ 117,653</u>	<u>\$ 888,788</u>

	Year Ended December 31, 2021			
	AAON Oklahoma	AAON Coil Products	BASX ¹	Total
	<i>(in thousands)</i>			
Rooftop Units	\$ 398,461	\$ —	\$ —	\$ 398,461
Condensing Units	762	25,989	—	26,751
Air Handlers	—	26,589	95	26,684
Outdoor Mechanical Rooms	820	464	—	1,284
Cleanroom Systems	—	—	2,288	2,288
Data Center Cooling Solutions	—	—	1,688	1,688
Water-Source Heat Pumps	10,831	10,343	—	21,174
Part Sales	41,127	1	—	41,128
Other	11,844	3,203	12	15,059
	<u>\$ 463,845</u>	<u>\$ 66,589</u>	<u>\$ 4,083</u>	<u>\$ 534,517</u>

¹ BASX was acquired on December 10, 2021. We have included the results of BASX's operations in our consolidated financial statements beginning December 11, 2021.

Other sales include freight, extended warranties and miscellaneous revenue.

4. Business Combination

On November 18, 2021, the Company entered into a membership interest purchase agreement (the "MIPA Agreement") to acquire of all of the issued and outstanding equity ownership of BASX, LLC, an Oregon limited liability company, doing business as BASX Solutions. We closed this transaction on December 10, 2021 for a purchase price of (i) \$100.0 million payable in cash (not including working capital adjustments), and (ii) up to \$80.0 million in the aggregate of contingent consideration payable in shares of the Company's stock, par value \$0.004 per share (the "Shares").

The \$80.0 million of contingent consideration payable consists of \$78.0 million payable to the former owners of BASX, LLC and \$2.0 million payable to key employees of BASX, LLC whom are now employed by the Company. The potential future issuance of the Shares is contingent upon BASX meeting certain post-closing earn-out milestones during each of 2021, 2022, and 2023 under the terms of the MIPA Agreement (Note 16). The Company funded the acquisition cash portion of the purchase price and related transaction costs with cash on hand.

Additionally, as a condition to closing, the Company entered into a real estate purchase agreement with BASX Properties, LLC, an affiliate of BASX, LLC, to acquire the principal real property and improvements utilized by BASX for an additional \$22.0 million, in cash, subject to customary closing conditions and adjustments. The Company closed this real estate transaction on May 31, 2022, which terminated the related lease (Note 5).

We applied pushdown accounting, allowable under ASC 805 "Business Combinations," to "pushdown" our stepped-up basis in the assets acquired and liabilities assumed to BASX's subsidiary financial statements. The decision to apply pushdown accounting is irrevocable. We incurred \$4.4 million in transaction fees related to the acquisition which are included in selling, general, and administrative expenses on our consolidated statement of income for the year ended December 31, 2021.

Pro Forma Results of Operations (unaudited)

The operations of BASX have been included in our consolidated statements of income since the closing date on December 10, 2021. The following unaudited pro forma consolidated results of operations for the year ended December 31, 2021 are presented as if the combination had been made on January 1, 2021 and reflects the three-for-two stock split effective August 16, 2023.

<i>(unaudited)</i>		
Year ended December 31, 2021		
<hr/>		
<i>(in thousands, except per share data)</i>		
Revenues	\$	611,158
Net income		63,491
Earnings per share:		
Basic	\$	0.80
Dilutive	\$	0.78

These unaudited pro forma results include adjustments necessary in connection with the acquisition.

The unaudited consolidated pro forma financial information was prepared in accordance with GAAP and is not necessarily indicative of the results of operations that would have occurred if the acquisition had been completed on the date indicated, nor is it indicative of the future operating results of the Company.

The unaudited pro forma results do not reflect events that either have occurred or may occur after the acquisition date, including, but not limited to, the anticipated realization of operating synergies in subsequent periods. These results also do not give effect to certain charges that the Company expects to incur in connection with the acquisition, including, but not limited to, additional professional fees and employee integration.

5. Leases

The Company has lease arrangements for certain administrative, manufacturing and warehousing facilities and equipment. All leases are classified as operating leases.

	Balance Sheet Classification	December 31,	
		2023	2022
<i>(in thousands)</i>			
Right-of-use assets	Right of use assets	\$ 11,774	\$ 7,123
Current lease liability	Accrued liabilities	2,021	1,254
Noncurrent lease liability	Other long-term liabilities	10,201	5,993

Since 2018, the Company has leased the manufacturing, engineering and office space used by our operations in Parkville, Missouri. In October 2022, the Parkville, Missouri lease was amended to expand our manufacturing and office space from 51,000 square feet to 86,000 square feet. The amended lease will provide for 31,000 square feet of additional manufacturing and engineering space and for 4,000 square feet of additional office space. The amended lease extends the lease term through December 31, 2032.

Through the acquisition of BASX (Note 4), we acquired various leases for plant/office space and equipment, which were classified as operating leases. Through May 2022, BASX's manufacturing and office facility in Redmond, Oregon was leased from a related party (Note 21). On May 31, 2022, we completed the real estate transaction discussed in Note 4 and the associated operating lease was terminated.

In November 2022, the Company entered into a lease arrangement for additional storage facilities in Tulsa, Oklahoma to support our operations. The lease will add 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 November 30, 2029.

We also lease several properties near our Redmond location. In the aggregate, these leases contain approximately 104,500 square feet of additional warehouse space. These leases have expiring terms from February 2025 to November 2033.

In July 2023, the Company entered into a lease agreement with a start date of September 1, 2023, for land and approximately 72,000 square feet of facilities in Redmond, Oregon to support our manufacturing operations. The lease term is approximately five years with additional renewal options.

Total undiscounted future lease payments are as follows:

	<i>(in thousands)</i>	
2024	\$	2,647
2025		2,329
2026		1,353
2027		1,393
2028		1,339
Thereafter		6,254

6. Accounts Receivable

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

	December 31,	
	2023	2022
	<i>(in thousands)</i>	
Accounts receivable	\$ 138,431	\$ 127,635
Less: Allowance for credit losses	(323)	(477)
Total, net	<u>\$ 138,108</u>	<u>\$ 127,158</u>

	Years Ended December 31,		
	2023	2022	2021
	<i>(in thousands)</i>		
Allowance for credit losses:			
Balance, beginning of period	\$ 477	\$ 549	\$ 506
Provisions for expected credit losses, net of adjustments	(142)	359	43
Accounts receivable written off, net of recoveries	(12)	(431)	—
Balance, end of period	<u>\$ 323</u>	<u>\$ 477</u>	<u>\$ 549</u>

7. 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 the related changes in the allowance for excess and obsolete inventories are as follows:

	December 31,	
	2023	2022
	<i>(in thousands)</i>	
Raw materials	\$ 211,259	\$ 194,159
Work in process	5,523	3,501
Finished goods	2,910	5,806
	219,692	203,466
Less: Allowance for excess and obsolete inventories	(6,160)	(4,527)
Total, net	<u>\$ 213,532</u>	<u>\$ 198,939</u>

	Years Ended December 31,		
	2023	2022	2021
	<i>(in thousands)</i>		
Allowance for excess and obsolete inventories:			
Balance, beginning of period	\$ 4,527	\$ 1,787	\$ 3,261
Provisions for excess and obsolete inventories	5,480	2,852	629
Inventories written off	(3,847)	(112)	(2,103)
Balance, end of period	<u>\$ 6,160</u>	<u>\$ 4,527</u>	<u>\$ 1,787</u>

We continuously evaluate our inventory parts and write off inventory when no alternative use can be found. During the third quarter of 2022, we made the decision to no longer produce our small packaged geothermal/water-source heat pump units consisting of the WH Series horizontal configuration and WV Series vertical configuration. As a result, we have increased our provision for excess and obsolete inventory and written off certain related components and parts that cannot be used in other products or sold through our parts business.

8. Intangible Assets

Our intangible assets consist of the following:

	December 31,	
	2023	2022
Definite-lived intangible assets	<i>(in thousands)</i>	
Intellectual property	\$ 12,450	\$ 6,295
Customer relationships	47,547	47,547
Capitalized internal-use software	3,323	—
Less: Accumulated amortization	(9,838)	(3,807)
Total, net	<u>53,482</u>	<u>50,035</u>
Indefinite-lived intangible assets		
Trademarks	14,571	14,571
Total intangible assets, net	<u>\$ 68,053</u>	<u>\$ 64,606</u>

On April 27, 2022, the Company entered into a purchase and sale agreement with a third-party manufacturer to purchase certain assets to design and manufacture fan wheels for the purchase price of \$6.5 million. As of December 31, 2023, approximately \$5.5 million is included intangible asset (intellectual property) and approximately \$1.0 million is included in property, plant and equipment, respectively, on our consolidated balance sheets.

Amortization expense recorded in cost of sales is as follows:

	Years Ended December 31,		
	2023	2022	2021
	<i>(in thousands)</i>		
Amortization expense	\$ 5,331	\$ 3,599	\$ 246

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

	<i>(in thousands)</i>	
2024	\$	5,367
2025		4,651
2026		4,651
2027		4,651
2028		4,560
Thereafter		29,081
Total future amortization expense		<u>52,961</u>
Internal-use software projects in process		521
Total	<u>\$</u>	<u>53,482</u>

9. Supplemental Cash Flow Information

	Years Ended December 31,		
	2023	2022	2021
Supplemental disclosures:	<i>(in thousands)</i>		
Interest paid	\$ 4,817	\$ 2,412	\$ —
Income taxes paid, net	63,376	19,293	7,891
Non-cash investing and financing activities:			
Non-cash capital expenditures	287	1,919	(3,714)

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:

	Years Ended December 31,		
	2023	2022	2021
Warranty accrual:	<i>(in thousands)</i>		
Balance, beginning of period	\$ 15,682	\$ 13,769	\$ 13,522
Payments made	(11,274)	(6,584)	(6,734)
Provisions	16,165	8,497	6,351
Assumed in business combination (Note 4)	—	—	630
Balance, end of period	<u>\$ 20,573</u>	<u>\$ 15,682</u>	<u>\$ 13,769</u>
Warranty expense:	\$ 16,165	\$ 8,497	\$ 6,351

11. Accrued Liabilities and Other Long-Term Liabilities

Accrued liabilities were comprised of the following:

	December 31,	
	2023	2022
	<i>(in thousands)</i>	
Warranty	\$ 20,573	\$ 15,682
Due to representatives	14,428	15,545
Payroll	18,829	11,901
Profit sharing	7,596	5,451
Workers' compensation	338	367
Medical self-insurance	1,460	1,178
Customer prepayments	2,621	3,750
Donations, short-term	381	637
Accrued income taxes	1,170	12,472
Employee vacation time	10,315	6,329
Extended warranties, short-term	2,387	1,330
Lease liability, short-term	2,021	1,254
Other	3,389	2,734
Total	<u>\$ 85,508</u>	<u>\$ 78,630</u>

Other long-term liabilities were comprised of the following:

	December 31,	
	2023	2022
	<i>(in thousands)</i>	
Lease liability	\$ 10,201	\$ 5,993
Extended warranties	6,082	4,539
Donations and other	524	976
Total	<u>\$ 16,807</u>	<u>\$ 11,508</u>

12. Revolving Credit Facility

On November 24, 2021, we amended our revolving credit facility to provide for maximum borrowings of \$100.0 million, with an option to increase to \$200.0 million. On May 27, 2022, we amended our \$100.0 million Amended and Restated Loan Agreement dated November 24, 2021 ("Revolver"), to provide for maximum borrowings of \$200.0 million. As of December 31, 2023 and December 31, 2022, we had an outstanding balance under the Revolver of \$38.3 million and \$71.0 million, respectively. We have two standby letters of credit totaling \$2.3 million as of December 31, 2023 and one standby letter of credit totaling \$0.8 million as of December 31, 2022. Borrowings available under the Revolver at December 31, 2023, were \$159.4 million. The Revolver expires on May 27, 2027.

Any outstanding loans under the Revolver bear interest at the daily compounded secured overnight financing rate ("SOFR") 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. At December 31, 2023, 2022, and 2021, the weighted average interest rate of our Revolver was 6.3%, 3.0%, and 1.3%, respectively. 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 years ended December 31, 2023, 2022, and 2021, respectively.

If SOFR cannot be determined pursuant to the definition, as defined by the Revolver 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%.

At December 31, 2023, we were in compliance with our financial covenants as defined by the Revolver. These covenants included a financial covenant that we meet certain parameters related to our leverage ratio. At December 31, 2023, our leverage ratio was 0.15 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:

	Years Ended December 31,		
	2023	2022	2021
	<i>(in thousands)</i>		
Current	\$ 52,058	\$ 37,489	\$ 6,755
Deferred	(6,527)	(13,332)	3,669
Income tax provision	<u>\$ 45,531</u>	<u>\$ 24,157</u>	<u>\$ 10,424</u>

The provision for income taxes differs from the amount computed by applying the statutory Federal 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:

	Years Ended December 31,		
	2023	2022	2021
Federal statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of Federal benefit	3.9 %	4.1 %	1.8 %
Change in valuation allowance	(1.4)%	— %	1.0 %
Excess tax benefits related to share-based compensation (Note 14)	(4.0)%	(2.4)%	(7.8)%
Return to provision	0.2 %	(0.3)%	— %
Non-deductible executive compensation	1.7 %	— %	— %
Research and development tax credits	(1.2)%	(2.1)%	(1.1)%
Other	0.2 %	(0.9)%	0.2 %
Effective tax rate	<u>20.4 %</u>	<u>19.4 %</u>	<u>15.1 %</u>

On May 21, 2021, the State of Oklahoma enacted House Bill 2960, effectively reducing the corporate income tax rate in Oklahoma from 6% to 4%. This resulted in a benefit of \$0.8 million included in the table above under State income taxes, net of Federal benefit, for the year ending December 31, 2021.

We have historically earned investment tax credits from the state of Oklahoma's manufacturing property investment program. We use the flow-through method to account for investment tax credits earned on eligible tangible asset expenditures. Under this method, the investment tax credits are recognized as a reduction to our Oklahoma income tax expense in the year they are used. As part of our expansion projects in Oklahoma, we identified a separate, more advantageous Oklahoma credit program (not income tax related) which will cause us to discontinue our accumulation of credits for Oklahoma's manufacturing property investment program after the 2022 tax year.

The Company had investment tax credit carryforwards with a valuation allowance reserved against them as we did not have sufficient taxable income to utilize the carryforwards, in part because we generated more credit each year than we were able to utilize. Because the Company will not generate additional excess credits after our 2022 tax year, we will be able to use our credit carryforwards against future taxable income and the related valuation allowance was reversed resulting in a one-time benefit of \$3.1 million to the income tax provision for the year ended December 31, 2023. As of December 31, 2023, we have investment tax credit carryforwards of approximately \$3.1 million. These credits have estimated expirations from the year 2039 through 2043.

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 \$3.8 million for the year ended December 31, 2023.

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.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for income tax purposes.

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31,	
	2023	2022
	<i>(in thousands)</i>	
Deferred income tax assets (liabilities):		
Allowance for credit losses and inventory reserves	\$ 1,724	\$ 1,337
Warranty accrual	5,462	4,184
Other accruals	3,989	4,814
Share-based compensation	8,560	7,440
Research & development expenses	18,647	11,265
Oklahoma investment credit carryforward	2,306	3,115
Other, net	1,673	2,339
	<u>42,361</u>	<u>34,494</u>
Valuation allowance	—	(3,115)
Net deferred income tax assets	<u>42,361</u>	<u>31,379</u>
Property & equipment	(54,495)	(50,040)
Total deferred income tax liabilities	<u>(54,495)</u>	<u>(50,040)</u>
Net deferred income tax liabilities	<u>\$ (12,134)</u>	<u>\$ (18,661)</u>

In accordance with the 2017 Tax Cuts & Jobs Act, under Internal Revenue Code Section 174, research and development expenses incurred after December 31, 2021 are required to be capitalized and amortized over 5 years. The amortization requirements for tax purposes is a mid-year convention, meaning that the tax amortization is 10% in the year of acquisition, 20% in the following 4 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.

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 2020 to present, and to non-U.S. income tax examinations for the tax years 2019 to present. In addition, we are subject to state and local income tax examinations for tax years 2019 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.

14. Share-Based Compensation

As discussed in Note 16, the Company declared a three-for-two stock split effective August 16, 2023. All share and per share information has been updated to reflect the effect of this stock split.

On May 22, 2007, our stockholders adopted a Long-Term Incentive Plan (as amended, "LTIP") which provided an additional 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 may 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 are now 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.

Under the 2016 Plan, 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 2016 Plan, the exercise price of shares granted may not be less than 100% of the fair market value at the date of the grant. The 2016 Plan is 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 2016 Plan. The Committee determines the persons to whom awards are to be made, determines the type, size and terms of awards, interprets the 2016 Plan, establishes and revises rules and regulations relating to the 2016 Plan and makes any other determinations that it believes necessary for the administration of the 2016 Plan.

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 years ended December 31, 2023, 2022, and 2021 using a Black Scholes-Merton Model:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Directors and SLT¹:			
Expected dividend yield	\$ 0.32	\$ 0.25	\$ 0.25
Expected volatility	37.89 %	36.07 %	35.78 %
Risk-free interest rate	4.39 %	2.31 %	0.51 %
Expected life (in years)	4.0	4.0	4.0
Employees:			
Expected dividend yield	\$ 0.32	\$ 0.25	\$ 0.25
Expected volatility	38.25 %	37.49 %	38.67 %
Risk-free interest rate	4.41 %	2.35 %	0.32 %
Expected life (in years)	3.0	3.0	3.0

¹ Senior Leadership Team ("SLT") 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 December 31, 2023:

Range of Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Intrinsic Value
				<i>(in thousands)</i>
\$13.95 - 27.58	1,340,919	4.23	\$ 24.46	\$ 66,278
\$28.28 - 37.07	478,793	6.54	31.04	20,509
\$37.09 - 69.62	204,713	7.30	48.00	5,291
Total	<u>2,024,425</u>	<u>5.09</u>	<u>\$ 28.39</u>	<u>\$ 92,078</u>

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

Options	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2022	4,560,520	\$ 30.14
Granted	329,173	61.14
Exercised	(1,142,640)	29.10
Forfeited or Expired	(127,468)	34.80
Outstanding at December 31, 2023	<u>3,619,585</u>	<u>\$ 33.09</u>
Exercisable at December 31, 2023	<u>2,024,425</u>	<u>\$ 28.39</u>

The total pre-tax compensation cost related to unvested stock options not yet recognized as of December 31, 2023 is \$8.3 million and is expected to be recognized over a weighted-average period of 1.1 years.

The total intrinsic value of options exercised during the years ended December 31, 2023, 2022, and 2021 was \$39.0 million, \$16.0 million, and \$22.6 million, respectively. The cash received from options exercised during the year ended December 31, 2023, 2022, and 2021 was \$33.3 million, \$23.1 million, and \$21.1 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 common stock on the respective grant dates, reduced for the present value of dividends. At December 31, 2023, unrecognized compensation cost related to unvested restricted stock awards was approximately \$4.6 million which is expected to be recognized over a weighted average period of 1.3 years.

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

Restricted stock	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2022	217,168	\$ 33.34
Granted	75,499	59.67
Vested	(99,309)	32.76
Forfeited	(6,274)	39.64
Unvested at December 31, 2023	<u>187,084</u>	<u>\$ 44.07</u>

PSUs

We have awarded performance restricted stock units ("PSUs") to certain officers and employees under our 2016 Plan. 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. The TSR measurement period is three years. At the end of the measurement period, each award will be converted into AAON common stock at 0% to 200% of the PSUs held, depending on overall TSR as compared to the S&P SmallCap 600 Index benchmark companies.

The total pre-tax compensation cost related to unvested PSUs not yet recognized as of December 31, 2023 is \$4.3 million and is expected to be recognized over a weighted average period of approximately 1.5 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 years ended December 31, 2023 and 2022, using a Monte Carlo Model:

	2023	2022	2021
Expected dividend rate	\$ 0.32	\$ 0.25	\$ 0.25
Expected volatility	32.71 %	37.60 %	39.10 %
Risk-free interest rate	4.66 %	2.00 %	0.28 %
Expected life (in years)	2.80	2.80	2.80

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, 2022	93,982	\$ 36.62
Granted	58,130	84.42
Vested	—	—
Forfeited	—	—
Unvested at December 31, 2023 ^{1, 2}	<u>152,112</u>	<u>\$ 54.88</u>

¹ Consists of 22,222 PSUs cliff vesting December 31, 2023, 71,760 PSUs cliff vesting December 31, 2025, and 58,130 PSUs cliff vesting December 31, 2026.

² The 22,222 PSUs cliff vesting December 31, 2023 were approved by the Compensation Committee and issued to holders in February 2024.

Key Employee Awards

Subject to the MIPA Agreement (Note 4), the Company granted awards to key employees of BASX ("Key Employee Awards"). Unlike our restricted stock awards under the 2016 Plan, the Key Employee Awards are not considered legally outstanding and do not accrue dividends during the vesting period. The potential future issuance of the Key Employee Awards is contingent upon BASX meeting certain post-closing earn-out milestones during each of the years ending 2021, 2022, and 2023 as defined by the 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 will vest and be converted into AAON common stock. The fair value of Key Employee Awards was based on the fair market value of AAON common stock on the grant date. All pre-tax compensation cost has been recognized as of December 31, 2023.

A summary of the unvested Key Employee Awards is as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2022	39,899	\$ 53.45
Granted	—	—
Vested	—	—
Forfeited	—	—
Unvested at December 31, 2023	<u>39,899</u>	<u>\$ 53.45</u>

Summary of Share-based Compensation

A summary of share-based compensation is as follows for the years ended December 31, 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Grant date fair value of awards during the period:	<i>(in thousands)</i>		
Options	\$ 5,259	\$ 6,522	\$ 7,010
PSUs	4,907	2,275	1,622
Restricted stock	4,505	3,671	2,517
Key employee awards	—	—	1,572
Total	<u>\$ 14,671</u>	<u>\$ 12,468</u>	<u>\$ 12,721</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Share-based compensation expense:	<i>(in thousands)</i>		
Options	\$ 8,810	\$ 8,585	\$ 8,724
PSUs	2,561	958	525
Restricted stock	3,977	3,105	2,519
Key employee awards	1,036	1,052	44
Total	<u>\$ 16,384</u>	<u>\$ 13,700</u>	<u>\$ 11,812</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Income tax benefit related to share-based compensation:	<i>(in thousands)</i>		
Options	\$ 8,138	\$ 2,715	\$ 4,571
Restricted stock	720	241	837
Total	<u>\$ 8,858</u>	<u>\$ 2,956</u>	<u>\$ 5,408</u>

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 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 for the years ended 2023, 2022, and 2021.

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.

	Years Ended December 31,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	<i>(in thousands)</i>		
Contributions, net of forfeitures, made to the defined contribution plan	\$ 18,264	\$ 15,475	\$ 9,724

Profit Sharing Bonus Plans

We maintain a discretionary profit sharing bonus plan under which approximately 10.0% of pre-tax profit from AAON Oklahoma and AAON Coil Products is paid to eligible employees on a quarterly basis in order to reward employee productivity. Eligible employees are regular full-time employees of AAON Oklahoma or AAON Coil Products who are actively employed and working on the first and last days of the calendar quarter and who were employed full-time for at least three full months prior to the beginning of the calendar quarter, excluding the Company's senior leadership team.

BASX has a separate employee incentive program ("EIP"), under which 5.0% of BASX's pre-tax profit, plus certain add backs, is paid ratably to eligible employees based on days-of-pay during the fiscal year. Eligible employees are regular full-time and part-time employees who have worked during the year and are still employed when the EIP payment is made following the end of the fiscal year, excluding members of BASX's senior leadership team and any employee paid commissions or royalties.

	Years Ended December 31,		
	2023	2022	2021
	<i>(in thousands)</i>		
Profit sharing bonus plan and employee incentive plan expense	\$ 24,590	\$ 14,009	\$ 8,526

Employee Medical Plan

At AAON Oklahoma and AAON Coil Products, 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 Plan. In addition, the Company matches 175.0% of a participating AAON Oklahoma and AAON Coil Products employee's allowed contributions to a qualified health saving account to assist employees with our health insurance plan deductibles.

BASX is insured for healthcare coverage through a third party. 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 contributes certain amounts for BASX's employees enrolled in a high deductible plan to a qualified health savings account to assist employees with health insurance plan deductibles.

	Years Ended December 31,		
	2023	2022	2021
	<i>(in thousands)</i>		
Medical claim payments	\$ 14,759	\$ 10,459	\$ 9,640
Health saving account contributions	4,961	3,862	3,482

16. Stockholders' Equity

Stock Repurchase

The Board has authorized one active 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:

Agreement Execution Date	Authorized Repurchase \$	Expiration Date
March 13, 2020	\$20 million	November 9, 2022
November 3, 2022	\$50 million	**1, 2

¹ 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.

² As of December 31, 2023, there is approximately \$25.0 million remaining under the current stock repurchase program. The remaining amount available is subject to a Board authorized 10b5-1 plan requiring certain market conditions and requirements.

The Company repurchases shares of AAON stock from employees for payment of statutory tax withholdings on stock transactions. All other repurchases from directors or employees are contingent upon Board approval. All repurchases are done at current market prices.

Lastly, the Company also had a stock repurchase arrangement by which employee-participants in our 401(k) Plan were entitled to have shares of AAON stock in their accounts sold to the Company. The 401(k) Plan was amended in June 2022 to discontinue this program. No additional shares have been purchased by the Company under this arrangement since June 2022.

Our repurchase activity is as follows:

Program	2023			2022			2021		
	Shares ¹	Total \$	\$ per share ¹	Shares ¹	Total \$	\$ per share ¹	Shares ¹	Total \$	\$ per share ¹
<i>(in thousands, except share and per share data)</i>									
Open market	402,873	\$ 25,009	\$ 62.08	183,168	\$ 6,823	\$ 37.25	—	\$ —	\$ —
401(k)	—	—	—	155,904	5,913	37.93	446,658	20,876	46.74
Employees	21,904	1,302	59.44	25,842	1,019	39.43	33,789	1,590	47.06
Total	424,777	\$ 26,311	\$ 61.94	364,914	\$ 13,755	\$ 37.69	480,447	\$ 22,466	\$ 46.76

¹ Reflects three-for-two stock split effective August 16, 2023.

Our repurchase activity since Company inception, including our current authorized stock repurchase programs are as follows:

Program	Inception to Date		
	Shares ¹	Total \$	\$ per share ¹
<i>(in thousands, except share and per share data)</i>			
Open market	6,893,924	\$ 106,625	\$ 15.47
401(k)	12,462,552	171,789	13.78
Directors & employees	3,089,337	24,662	7.98
Total	22,445,813	\$ 303,076	\$ 13.50

¹ Reflects three-for-two stock split effective August 16, 2023.

Dividends

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

Our cash dividends for the three years ended December 31, 2023 are as follows:

Declaration Date¹	Record Date	Payment Date	Dividend per Share²	Annualized Dividend per Share²
May 17, 2021	June 3, 2021	July 1, 2021	\$0.13	\$0.26
November 9, 2021	November 26, 2021	December 17, 2021	\$0.13	\$0.26
May 18, 2022	June 3, 2022	July 1, 2022	\$0.13	\$0.26
November 8, 2022	November 28, 2022	December 16, 2022	\$0.16	\$0.32
March 1, 2023	March 13, 2023	March 31, 2023	\$0.08	\$0.32
May 18, 2023	June 9, 2023	June 30, 2023	\$0.08	\$0.32
August 18, 2023	September 8, 2023	September 29, 2023	\$0.08	\$0.32
November 10, 2023	November 29, 2023	December 18, 2023	\$0.08	\$0.32

¹ Effective with the cash dividend declared on March 1, 2023 (paid on March 31, 2023), the Company moved from semi-annual cash dividends to quarterly cash dividends.

² Reflects three-for-two stock split effective August 16, 2023.

We paid cash dividends of \$26.4 million, \$22.9 million, and \$19.9 million in 2023, 2022, and 2021, respectively.

Stock Split

On July 7, 2023, the Board of Directors declared a three-for-two stock split of the Company's common stock to be paid in the form of a stock dividend. Stockholders of record at the close of business on July 28, 2023 received one additional share for every two shares they held as of that date on August 16, 2023 (ex-dividend date August 17, 2023). Cash was paid in lieu of fractional shares (approximately \$0.5 million). All share and per share information has been updated to reflect the effects of this stock split. The retroactive effect of the stock split resulted in approximately \$0.1 million reclass between common stock and retained earnings within stockholders' equity on the consolidated balance sheet.

Contingent Shares Issued in BASX Acquisition

As discussed above, the Company declared a three-for-two stock split effective August 16, 2023. All share and per share information has been updated to reflect the effect of the stock split.

On December 10, 2021, we closed on the acquisition of BASX (Note 4). 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 1.56 million shares of AAON stock, par value \$0.004 per share. The shares do not accrue dividends.

Under the MIPA Agreement, the potential future issuance of the shares is contingent upon BASX meeting certain post-closing earn-out milestones during each of the years ended 2021, 2022, and 2023. We estimated the fair value of contingent consideration related to these shares to be approximately \$60.0 million, which is included in additional paid-in capital on the consolidated balance sheets. As of December 31, 2023, 0.58 million and 0.73 million shares related to the earn-out milestones for the years ended 2022 and 2021, respectively, have been issued to the former owners of BASX as private placements exempt from registration with the SEC under Rule 506(b), which are included in common stock on the consolidated statements of stockholders' equity. No additional shares have been issued subsequent to December 31, 2023.

17. 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 twenty-five 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 \$6.5 million is recorded in New market tax credit obligation 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 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 Investor, in the form of a loan receivable, with a term of twenty-five 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 is 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 \$5.7 million is recorded in New market tax credit obligation 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 and the 2023 Investor are each subject to 100 percent recapture of the 2019 and 2023 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 and 2023 NMTC arrangements, respectively. Noncompliance with applicable requirements could result in the 2019 and/or 2023 Investor's projected tax benefits not being realized and, therefore, require the Company to indemnify the 2019 Investor and 2023 Investor for any loss or recapture of the 2019 NMTC and 2023 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 this financing arrangement.

The 2019 Investor and 2023 Investor and its majority owned community development entity are considered VIEs and the Company is the primary beneficiary of the VIEs. This conclusion was reached based on the following:

- the ongoing activities of the VIEs, collecting and remitting interest and fees and NMTC compliance, were all considered in the initial design and are not expected to significantly affect performance throughout the life of the VIE;
- contractual arrangements obligate the Company to comply with NMTC rules and regulations and provide various other guarantees to the Investor and community development entity;
- the 2019 Investor and 2023 Investor lacks a material interest in the underlying economics of the project; and
- the Company is obligated to absorb losses 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 transaction in these VIEs outside of the financing transactions executed as part of the NMTC arrangement.

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 current expansion of our Longview, Texas manufacturing operations (the “Project”). In connection with the 2024 NMTC transaction, the Company received a \$15.5 million NMTC allocation for the 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 Investor, in the form of a loan receivable, with a term of twenty-five years, bearing an interest rate of 1.0%. This \$11.0 million in proceeds plus capital contributed from the 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 NMTCs.

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 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 is subject to 100 percent recapture of the 2024 NMTC 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 2024 NMTC arrangement. Noncompliance with applicable requirements could result in the 2024 Investor’s projected tax benefits not being realized and, therefore, require the Company to indemnify the 2024 Investor for any loss or recapture of the 2024 NMTC 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 this financing arrangement.

18. Commitments and Contingencies

Havtech Litigation

On January 24, 2022, one of the Company’s former independent sales representative firms, Havtech, LLC (and its affiliate, Havtech Parts Division, LLC, collectively “Plaintiffs”), filed a complaint (the “Complaint”) in the Circuit Court for Howard County, Maryland (*Havtech, LLC, et al., v. AAON, Inc., et al.*). The Complaint challenged the Company’s termination of its business relationship with Plaintiffs. The Company removed the action to the United States District Court for the District of Maryland (Northern Division) and moved to dismiss the Complaint. Plaintiffs’ First Amended Complaint (“First Amended Complaint”) was entered by the court on July 28, 2022. The First Amended Complaint asserts that the Company improperly terminated Plaintiffs and seeks damages alleged to be no less than \$48.6 million, plus fees and costs. The Company filed its Answer to First Amended Complaint on January 31, 2023.

On September 28, 2023, the parties attended a court ordered settlement conference and agreed to resolve the case for \$7.5 million. A settlement agreement was entered into on October 25, 2023 and the case has been dismissed with prejudice. The settlement of \$7.5 million has been included in selling, general and administrative expenses on our consolidated statement of income. The final payment was made on October 26, 2023.

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, cancellable and occasionally non-cancellable, fixed price contracts with major suppliers for the purchase of raw material and component parts. We expect to receive delivery of raw materials 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. In 2023, the Company executed a five-year purchase commitment for refrigerants. In 2023, the Company made payments of \$10.1 million on this contract. Estimated minimum future payments are \$11.9 million, \$9.1 million, \$10.5 million, and \$11.2 million for 2024, 2025, 2026, and 2027, respectively. We had no other material contractual purchase obligations as of December 31, 2023.

19. New Accounting Pronouncements

Changes to U.S. GAAP are established by the FASB in the form of accounting standards updates (“ASUs”) to the FASB’s Accounting Standards Codification. We consider the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial statements and notes thereto.

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to SEC’s Disclosure Update and Simplification Initiative. The new guidance is intended to update a variety of disclosure requirements. The effective date for each amendment will be the date on with the SEC’s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective. Early adoption is prohibited. Upon adoption, this ASU is not expected to have a material impact on the Company’s financial statements and related disclosures.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280). The new guidance improves reportable segment disclosures primarily through enhanced disclosures about significant segment expenses and by requiring current annual disclosures to be provided in interim periods. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. Upon adoption, this ASU is not expected to have a material impact on the Company’s financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740). The new guidance is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this ASU are effective for annual periods beginning after December 15, 2024. Upon adoption, this ASU is not expected to have a material impact on the Company’s financial statements and related disclosures.

20. 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:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Numerator:	<i>(in thousands, except share and per share data)</i>		
Net income	\$ 177,623	\$ 100,376	\$ 58,758
Denominator:			
Basic weighted average shares ³	81,156,114	79,582,480	78,606,298
Effect of dilutive shares related to stock based compensation ^{1,3}	1,972,380	1,264,175	1,952,547
Effect of dilutive shares related contingent consideration ^{2,3}	166,796	298,955	34,639
Diluted weighted average shares ³	<u>83,295,290</u>	<u>81,145,610</u>	<u>80,593,484</u>
Earnings per share:			
Basic ³	\$ 2.19	\$ 1.26	\$ 0.75
Dilutive ³	<u>\$ 2.13</u>	<u>\$ 1.24</u>	<u>\$ 0.73</u>
Anti-dilutive shares:			
Shares ³	<u>314,108</u>	<u>908,221</u>	<u>456,045</u>

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 former owners of BASX (Note 4)

³ Reflects three-for-two stock split effective August 16, 2023.

21. Related Parties

The following is a summary of transactions and balances with affiliates:

	Years Ended December 31,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	<i>(in thousands)</i>		
Sales to affiliates	\$ 7,860	\$ 5,789	\$ 3,752
Payments to affiliates	1,476	1,318	185
	December 31,		
	<u>2023</u>	<u>2022</u>	
	<i>(in thousands)</i>		
Due from affiliates	\$ 994	\$ 432	
Due to affiliates		145	—

The nature of our related party transactions is as follows:

- The Company sells units to an entity owned by a member of the CEO/President'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 Company periodically rents space partially owned by the CEO/President for various Company meetings.

- The Company purchases flight time for use of an aircraft partially owned by two members of the Company's executive management team.
- From December 10, 2021 through May 31, 2022, the Company leased a manufacturing and office facility in Redmond, Oregon from an entity in which certain members of BASX management had an ownership interest. This facility was purchased 100% by the Company on May 31, 2022.

22. Segments

The Company has determined that it has three reportable segments for financial reporting purposes. Management evaluates the performance of its business segments primarily on gross profit. The Company's chief 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 income from operations. The CODM does not evaluate operating segments using asset or liability information.

AAON Oklahoma: AAON Oklahoma engineers, manufactures, and sells, semi-custom, and custom HVAC systems, designs and manufactures controls solutions, and sells retail parts to customers through retail part stores and online. AAON Oklahoma includes the operations of our Tulsa, OK and Parkville, MO 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, OK, 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, OK, our cutting-edge Customer 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, TX manufacturing facilities.

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 biopharmaceutical, 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, OR manufacturing facilities.

The following table summarizes certain financial data related to our segments. Transactions between segments are recorded based on prices negotiated between the segments. The Gross Profit amounts shown below are presented after elimination entries.

	Years Ended December 31,		
	2023	2022	2021
	<i>(in thousands)</i>		
Net Sales			
AAON Oklahoma			
External sales	\$ 897,919	\$ 663,845	\$ 463,845
Inter-segment sales	4,324	3,251	2,504
AAON Coil Products			
External sales	112,320	107,290	66,589
Inter-segment sales	38,831	30,932	24,250
BASX¹			
External sales	158,279	117,653	4,083
Inter-segment sales	1,480	79	—
Eliminations	(44,635)	(34,262)	(26,754)
Net sales	<u>\$ 1,168,518</u>	<u>\$ 888,788</u>	<u>\$ 534,517</u>
Gross Profit			
AAON Oklahoma	\$ 320,067	\$ 172,983	\$ 126,868
AAON Coil Products	29,324	33,311	10,075
BASX ¹	49,629	31,278	887
Gross profit	<u>\$ 399,020</u>	<u>\$ 237,572</u>	<u>\$ 137,830</u>

¹ BASX was acquired on December 10, 2021. We have included the results of BASX's operations in our consolidated financial statements beginning December 11, 2021.

	December 31,	
	2023	2022
	<i>(in thousands)</i>	
Long-lived assets		
AAON Oklahoma	\$ 248,556	\$ 213,731
AAON Coil Products	83,169	68,013
BASX	49,996	35,578
Total long-lived assets	<u>\$ 381,721</u>	<u>\$ 317,322</u>
Intangible assets and goodwill		
AAON Oklahoma	\$ 10,282	\$ 3,229
AAON Coil Products	—	—
BASX	139,663	143,269
Total intangible assets and goodwill	<u>\$ 149,945</u>	<u>\$ 146,498</u>

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2023.

Based upon the evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures were effective at December 31, 2023 to ensure the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Our internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officers, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In making our assessment of internal control over financial reporting, management has used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the 2013 *Internal Control—Integrated Framework*. Based on our assessment, our management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2023.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2023 has been audited by Grant Thornton LLP, our independent registered public accounting firm, as stated in their report which is included in this Item 9A of this report on Form 10-K.

(c) Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting that occurred during the fourth quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
AAON, Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of AAON, Inc. (a Nevada corporation) and subsidiaries (the “Company”) as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2023, and our report dated February 28, 2024 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting (“Management’s Report”). Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Tulsa, Oklahoma
February 28, 2024

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by Items 401, 405, 406 and 407(c)(3), (d)(4) and (d)(5) of Regulation S-K is incorporated by reference to the information contained in our definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with our annual meeting of stockholders scheduled to be held on May 21, 2024.

Code of Ethics

We adopted a code of ethics that applies to our principal executive officer, principal financial officer, and principal accounting officer or persons performing similar functions, as well as other employees and directors. Our code of ethics can be found on our website at www.aaon.com. We will also provide any person without charge, upon request, a copy of such code of ethics. Requests may be directed to AAON, Inc., 2425 South Yukon Avenue, Tulsa, Oklahoma 74107, attention Rebecca A. Thompson, or by calling (918) 382-6216.

Item 11. Executive Compensation.

The information required by Items 402 and 407(e)(4) and (e)(5) of Regulation S-K is incorporated by reference to the information contained in our definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with our annual meeting of stockholders scheduled to be held on May 21, 2024.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by Item 403 and Item 201(d) of Regulation S-K is incorporated by reference to the information contained in our definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with our annual meeting of stockholders scheduled to be held May 21, 2024.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required to be reported pursuant to Item 404 of Regulation S-K and paragraph (a) of Item 407 of Regulation S-K is incorporated by reference in our definitive proxy statement relating to our annual meeting of stockholders scheduled to be held May 21, 2024.

Our Code of Conduct guides the Board of Directors in its actions and deliberations with respect to related party transactions. Under the Code, conflicts of interest, including any involving the directors or any Named Officers, are prohibited except under any guidelines approved by the Board of Directors. Only the Board of Directors may waive a provision of the Code of Conduct for a director or a Named Officer, and only then in compliance with all applicable laws, rules and regulations. We have not entered into any new material related party transactions and have no preexisting material related party transactions in 2023, 2022, or 2021.

Item 14. Principal Accountant Fees and Services.

This information is incorporated by reference in our definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with our annual meeting of stockholders scheduled to be held May 21, 2024.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

- (a) Financial statements.
- (1) The consolidated financial statements and the report of independent registered public accounting firm are included in Item 8 of this Form 10-K.
- (2) The consolidated financial statements other than those listed at item (a)(1) above have been omitted because they are not required under the related instructions or are not applicable.
- (3) The exhibits listed at item (b) below are filed as part of, or incorporated by reference into, this Form 10-K.
- (b) Exhibits:
- (3) (A) Amended and Restated Articles of Incorporation (ii)
(B) Amended and Restated Bylaws (i)
- (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 (viii)
- [\(4.16\)](#) Description of Securities
- (10.1) AAON, Inc. 1992 Stock Option Plan, as amended (v)
- (10.2) AAON, Inc. 2007 Long-Term Incentive Plan, as amended (vi)
- (10.3) AAON, Inc. 2016 Long-Term Incentive Plan (iv)
- [\(21\)](#) List of Subsidiaries
- [\(23\)](#) Consent of Grant Thornton LLP
- [\(31.1\)](#) Certification of CEO
- [\(31.2\)](#) Certification of CFO
- [\(32.1\)](#) Section 1350 Certification – CEO
- [\(32.2\)](#) Section 1350 Certification – CFO
- [\(97.1\)](#) Executive Officer Compensation Recovery Policy
- [\(99.1\)](#) Membership Interest Purchase Agreement - Acquisition of BASX, LLC (dated November 18, 2021) (vii)
- (101) (INS) Inline XBRL Instance Document
- (101) (SCH) Inline XBRL Taxonomy Extension Schema
- (101) (CAL) Inline XBRL Taxonomy Extension Calculation Linkbase
- (101) (DEF) Inline XBRL Taxonomy Extension Definition Linkbase
- (101) (LAB) Inline XBRL Taxonomy Extension Label Linkbase
- (101) (PRE) Inline XBRL Taxonomy Extension Presentation Linkbase
- (104) Cover Page Interactive Data File (embedded within the Inline XBRL Document and included in Exhibit 101)
-
- (i) Incorporated herein by reference to the exhibits to our Form 8-K dated May 15, 2020.
- (ii) Incorporated herein by reference to exhibits to our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.
- (iii) Incorporated herein by reference to exhibit to our Form 8-K dated November 24, 2021.

- (iv) 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.
- (v) Incorporated herein by reference to exhibits to our Annual Report on Form 10-K for the fiscal year ended December 31, 1991, and to our Form S-8 Registration Statement No. 333-52824.
- (vi) Incorporated herein by reference to our Form S-8 Registration Statement No. 333-151915, Form S-8 Registration Statement No. 333-207737.
- (vii) Incorporated herein by reference to exhibits to our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.
- (viii) Incorporated herein by reference to the exhibits to our Form 8-K dated May 27, 2022.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: February 28, 2024

/s/ Gary D. Fields

Gary D. Fields
Chief Executive Officer and Director
(principal executive officer)

Dated: February 28, 2024

/s/ Rebecca A. Thompson

Rebecca A. Thompson
Chief Financial Officer
(principal financial officer)

Dated: February 28, 2024

/s/ Christopher D. Eason

Christopher D. Eason
Chief Accounting Officer
(principal accounting officer)

Dated: February 28, 2024

/s/ Norman H. Asbjornson

Norman H. Asbjornson
Director

Dated: February 28, 2024

/s/ Angela E. Kouplen

Angela E. Kouplen
Director

Dated: February 28, 2024

/s/ Caron A. Lawhorn

Caron A. Lawhorn
Director

Dated: February 28, 2024

/s/ Stephen O. LeClair

Stephen O. LeClair
Director

Dated: February 28, 2024

/s/ A.H. McElroy II

A.H. McElroy II
Director

Dated: February 28, 2024

/s/ David R. Stewart

David R. Stewart
Director

Dated: February 28, 2024

/s/ Bruce Ware

Bruce Ware
Director

Dated: February 28, 2024

/s/ Luke A. Bomer

Luke A. Bomer
Secretary

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of February 28, 2024, AAON, Inc., a Nevada corporation, ("AAON") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our Common Stock.

Description of Common Stock

The following description of our Common Stock is a summary based on and qualified by our Amended and Restated Articles of Incorporation of AAON, Inc. (as further amended to date, the "Articles of Incorporation") and our Bylaws (as amended to date, the "Bylaws").

Authorized Capital Shares

Our authorized capital shares consist of 100,000,000 shares of common stock, \$0.004 par value per share ("Common Stock"), and 5,000,000 shares of series preferred stock, \$0.001 par value per share ("Preferred Stock"). The outstanding shares of our Common Stock are fully paid and nonassessable.

Voting Rights

Holders of Common Stock are entitled to one vote per share on all matters voted on by the stockholders, including the election of directors. Our Common Stock does not have cumulative voting rights.

Dividend Rights

Subject to the rights of holders of outstanding shares of Preferred Stock, if any, the holders of Common Stock are entitled to receive dividends, if any, as may be declared from time to time by the Board of Directors in its discretion out of funds legally available for the payment of dividends.

Liquidation Rights

Subject to any preferential rights of outstanding shares of Preferred Stock, if any, holders of Common Stock will share ratably in all assets legally available for distribution to our stockholders in the event of dissolution.

Other Rights and Preferences

Our Common Stock has no sinking fund or redemption provisions or preemptive, conversion or exchange rights.

Listing

The Common Stock is traded on The Nasdaq Stock Market LLC under the trading symbol "AAON."

LIST OF SUBSIDIARIES OF AAON, INC.

Subsidiary	Jurisdiction of Organization
AAON, Inc.	Oklahoma
AAON Coil Products, Inc.	Texas
BasX, Inc.	Oregon

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated February 28, 2024, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of AAON, Inc. on Form 10-K for the year ended December 31, 2023. We consent to the incorporation by reference of said reports in the Registration Statements of AAON, Inc. on Forms S-8 (File No. 333-151915, File No. 333-207737, File No. 333-212863, File No. 333-226512, and File No. 333-241538).

/s/ GRANT THORNTON LLP

Tulsa, Oklahoma
February 28, 2024

CERTIFICATION

I, Gary D. Fields, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 our consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - 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;
 - 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;
 - 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.

Dated: February 28, 2024

/s/ Gary D. Fields

Gary D. Fields
Chief Executive Officer

CERTIFICATION

I, Rebecca A. Thompson, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 our consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - 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;
 - 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;
 - 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.

Dated: February 28, 2024

/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 Annual Report of AAON, Inc. (the “Company”), on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gary D. Fields, 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 our results of operations.

Dated: February 28, 2024

/s/ Gary D. Fields

Gary D. Fields
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 Annual Report of AAON, Inc. (the “Company”), on Form 10-K for the year ended December 31, 2023, 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 our results of operations.

Dated: February 28, 2024

/s/ Rebecca A. Thompson

Rebecca A. Thompson
Chief Financial Officer

“The Company has never been more well managed than it is currently and we have never been more optimistic of the future than we are today.”

—Gary Fields, CEO

AAON Officers and Board

AAON, INC. OFFICERS positions and ages as of March 22, 2024

Gary Fields 64
Chief Executive Officer

Matt Tobolski 40
President and Chief Operating Officer

Rebecca Thompson 45
Vice President, Finance, Chief Financial Officer, and Treasurer

Stephen Wakefield 47
Vice President and Executive Vice President, AAON Oklahoma

Doug Wichman 36
Vice President and President, AAON Coil Products

Dave Benson 66
Vice President and President, BASX

Casey Kidwell 45
Vice President, Administration

Rob Teis 54
Vice President, Business Technology

Xerxes Gazder 59
Chief Information Officer

Chris Eason 42
Chief Accounting Officer

AAON, INC. BOARD OF DIRECTORS positions and ages as of March 22, 2024

Norman H. Asbjornson 88
Founder, Retired, Chief Executive Officer and Executive Chairman
AAON

Gary D. Fields 64
Chief Executive Officer
AAON

Angela E. Kouplen 50
Senior Vice President and Chief Human Resources Officer
ONE GAS, INC.

Caron A. Lawhorn 63
Retired, Senior Vice President and Chief Financial Officer
ONE GAS, INC.

Stephen O. LeClair 55
Chairman and Chief Executive Officer
CORE & MAIN, INC.

A.H. McElroy II 61
President and Chief Executive Officer
MCELROY MANUFACTURING, INC.

David R. Stewart 68
Chief Administrative Officer and Trustee
OKLAHOMA ORDNANCE WORKS AUTHORITY

Bruce Ware 48
Corporate Vice President and Group Head Joint Venture Capital Raising
DAVITA, INC.

TRANSFER AGENT AND REGISTRAR

Issuer Direct

One Glenwood Avenue, Suite 1001
Raleigh, NC 27603

AUDITORS

Grant Thornton LLP

6120 South Yale Avenue, Suite 1400
Tulsa, Oklahoma 74136

GENERAL COUNSEL

Johnson & Jones, P.C.

Two Warren Place
6120 South Yale Avenue, Suite 500
Tulsa, Oklahoma 74136

COMMON STOCK

NASDAQ-AAON

INVESTOR RELATIONS

Joseph Mondillo

Director of Investor Relations
(617)877-6346
joseph.mondillo@AAON.com

EXECUTIVE OFFICES

2425 South Yukon Avenue
Tulsa, Oklahoma 74107

The AON Team

**We are changing
the world because
of the great people
that work here.**

GARY ABBE	KESHOYN ALEXANDER	JERI ARMSTRONG	DAVID BARKLEY	CHRISTIAN BERGER
ANGEL ACEDO	ZACHARY ALEXANDER	JASON ARNOLD	JUSTIN BARLETT	KRISTOFER BERGGREN
LUIS ACEDO CHUCHON	SHANNON ALFORD	KIMBERLY ARNONE	LEROY BARNABAS	ANDREW BERGLUND
RAUL ACEDO ZELAYARAN	ANISIO ALIWIS	CONNER ARP	DALLAS BARNES	LIDIA BERNAL BECERRA
KEYLA ACEVES	JUSTIN ALLDREDGE	CLARISSA ARRIAGA	TERRIE BARNES	DAVID BERRY
CHRISTOPHER ACKLEY	CHARLES ALLEN	CLAYTON ARRINGTON	JENELLE BARNES	MICHAEL BERRY
MIRIAN ACOSTA	DANIEL ALLEN	GERARDO ARROYO	GRACE BARR	CURTIS BERRY
MA ACOSTA DE AGUAYO	JOHN-PAUL ALLEN	ROSA ARROYO SANCHEZ	ANA BARRAGAN DE ALTENEH	ELLIOT BERRYHILL
ALFREDO ACOSTA JIMENEZ	SCOTTY ALLEN	ROGELIO ARTEAGA	JORDAN BARRE	ANTHONY BERTON
ANDRES ACOSTA LUJAN	TYLER ALLEN	REINAURITH ARTEAGA	LITZY BARRERA ROMERO	NATHANIEL BERTON
ANDRES ACUNA	CORBAN ALLEN	BRANDON ARTHUR	LOGAN BARRETT	ANTHONY BESECKE
BRIAN ACUNA	CHAD ALLRUNNER	JULIUS ARTHUR	WENDY BARRIOS	SERGIO BESERRA
RAQUEL ACUNA SEGURA	ZAHIDULLAH ALMAS	JERMAN ASBERRY	MICHELLE BARRON	JAMMIE BETHEL
DAKOTA ADAMS	HEATHER ALSTON	MARIA ASENCIO	TERESA BARRON	DANIEL BIGBY
DAVID ADAMS	JAMES ALSTON	JOHN ASHLEY , JR	QURON BARRYER	KENNETH BIGHAM JR
DERRICK ADAMS	SONIA ALTER ESPINA	DAVID ASHLOCK	HANNAH BARTELS	ROBERT BIGPOND
GARY ADAMS	STEPHEN ALTSTATT	TIMOTHY ASIMAKIS	CHRISTOPHER BARTH	JAMES BILBREY
JAMILAH ADAMS	LINCY ALVARADO	FOSTINO ATAN	FRANCISCO BARTOLO GAONA	DAVID BILDERBACK
PAUL ADAMS	JOSE ALVARADO	PAULA AUKU	SHERRY BATES	PHILLIP BINFORD
REBECCA ADAMS	NATALIE ALVARADO	CHAN MYAE AUNG	OLAJUWAUN BATISTE	ROBERTT BISHOP
RUSTY ADAMS	YACKSENDEL ALVARADO	MAY AUNG	PHILIP BATTERSON	BRADLEY BISHOP
RYAN ADAMS	MALDONADO	THIHA AUNG	JAMES BAUGH	ETHAN BLACKMAN
WILLIAM ADAMS	ADRIAN ALVARADO MONZON	VUNG AUNG	LUIS BAUTISTA	NICOLI BLACKWOOD
JOHN ADAMS	GEORGE ALVAREZ	CHRISTOPHER AUSBORN	JOSHUA BAWI LING	MARVIN BLADES, JR
AARON ADKINS	JEFFRY ALVAREZ	ROBERT AUSMUS	MIGUEL BAZAN	JACOB BLAIR
ASLAM AFGHAN	MALDONADO	NOLA AVANT	MICHAEL BEACH	CAMDEN BLAKELY
HAZRAT AFGHAN	DELAJAN AMIRI	AGUSTIN AVELAR QUINTERO	JESSICA BEALL	MAXIMILLIAN BLAKEMORE
NIKWALI AFGHAN	MOHAMMAD AMIRI	JACOB AVEN	JASON BEAN	AUGUSTUS BLAKEMORE
NOOR AKBER KHAN AFGHAN	WAISULLAH AMIRI	JOSE AVILA	MICHAEL BEARD	JOSE BLANCO
SHABA NOOR AFGHAN	SARAH ANDERSEN	JOSEPH AVILA	CAMERON BEAUDOIN	WILLIAM BLANK
YOLIMAR AGELVIS ARELLANO	JENS ANDERSEN	GUSTAVO AVILA GARCIA	ELIGIO BECERRA	LACRETIA BLANTON
AGRIPPA AGRIPPA	THOMAS ANDERSON	ALEXANDER AVILES	SHANNON BECK	BRIAN BLANTON
MARIE AGUERO	WANDA ANDERSON	ZIN AW	JOE BECK	DAVID BLEVINS
JOSE AGUILAR	WILLIAM ANDERSON	NANG AWN	LIONEL BECKMAN	DEVON BLOOD
YAHIR AGUIRRE	MICHAEL ANDERSON	ROBYN AYDELOTT	BILLY BEDSWORTH	DUSTIN BLOOD
CESAR AGUIRRE	JASON ANDERSON	THAN THAN AYE	MARK BEHN JR	JACK BOBADILLA
JUAN AGUIRRE-RODRIGUEZ	BRENT ANDERSON	KRISTIN AYLETT	LILLIAN BELAMY	JAMES BOBBITT
CAMERON AHERN	PERRY ANDERSON JR	ABDUL AZIZ	LEGEN BELCHER	NICHOLAS BOBBITT
AHMAD AHMADI	BRANDON ANDREW	SHAHABUDDIN AZIZI	CARLOS BELISARIO	CHANCE BODIFORD
ZEESHAN AHMED	RENITA ANDREW	NORA BACKUS	BARBARA BELL	DANIEL BOELK
BERNY AIEN	RUSSELL ANDREWS	ANTHONY BADGETT	EFTON BELL	LHING BOI
EMINE AITOMY	THOMAS ANGEI	EDGAR BAEZA	JASON BELL	THANG BOI
ARLEEN AIZAWA	JONATHAN ANGIERI	JACOB BAIER	JNAJAH BELL	WESTON BOISA
HARRY AIZAWA	WESLEY ANSELME	ABEL BAKER	LEANNA BELL	DAMIAN BOLDEN
HENRY AIZAWA	BENJI ANTOLIN	BAKHT ALI BAKHTYAR	LEANNA BELL	ADELTRUDES BOND
BROWN AKIN	KRIS ANTOSH	JUAN BALANDRAN	RUBEN BELLIDO FERRER	JOSHUAH BONE
EMILY AKIN	MARION ANTWINE	JOHN BALDWIN	SHAWN BENDELE	JOSHUA BONEY
NATHANAEL AKUMA	WILLIAM APPELDORN	CHANDEL BALLARD	JAVES BENITEZ	MICHAEL BONEY
NADER AL HASHMI	SAMRA ARAIN	PEDRO BALTAZAR	ELVIA BENITEZ-AVILES	JOSE BONILLA CANIZALEZ
AUSS AL SULTAN	JESUS ARAUJO	ERICK BALTAZAR INES	BRYAN BENNETT	ROGER BORJA BARREIRO
DANIEL ALAGDON	LAURA ARAUJO GONZALEZ	CLAUDIA BANDA	DONNA BENNETT	JOSEPH BOSS
ALEXIS ALBIN	NEREIDA ARCILA MORAN	JOVANI BANDERAS	MORGAN BENNETT	CORBIN BOUGH
ALEJANDRA ALEGRIA REYES	JESUS ARELLANES RAMIREZ	ALEX BARAJAS	FRANCIS BENNETT, JR	DARRIN BOUGH
MARIA ESTELA ALEJANDREZ	JAVIER ARELLANO	BLAKE BARBER	JOSEPH BENOIT	KYLE BOUGIO
MATA	FIDEL ARGUMEDO RANGEL	MYLES BARBER	SHELLIE BENSON	AUSTIN BOWERS
MAURICIO ALEMAN SANCHEZ	JORGE ARIZMENDI	JACOB BARBER	DAVID BENSON	DANIEL BOWERS
GREGG ALEMY	BAKHT ARMANI	JACKELINE BARBOZA	DANIEL BENSON	ALEXANDER BOWKER
JOSHUA ALEXANDER	JOSHUA ARMAS	CHETT BARCELONA	JARED BENTON	EUGENE BOWMAN
JOSIAH ALEXANDER	LUCAS ARMENTOR	CHETT BARCELONA JR	TYUANNA BENTON	ALICE BOYCE
KEAJIAH ALEXANDER	DAVID ARMSTRONG	BRYCE BARKER	MARC BERBIG	JOHN BOYD

JUSTIN BOYD	JASON BUNNELL	JANIA CARLIN TOVAR	CONNER CHOATE	NING CING
ERIK BOYNTON	BLAKE BURCH	CHRISTOPHER CARMAN	DEVAN CHOATE	NING CING
JOHNNY BOZMAN	NEIL BURCH	TODD CARNER	EDDIE CHOATES	NUAM CING
ROIBY BRACHO QUINONES	BEAU BURGESS	WILLIAM CARNLEY	HEM CHONGLOI	SAN CING
MARC BRADBURY	KEITH BURKES	MARCHELL CARPENTER	KIMBOI CHONGLOI	THANG CING
SHAVESHIA BRADLEY	MARISA BURNES	RACHEL CARR	MANGKHONGAM CHONGLOI	THANG CING
RASHARD BRADLEY	ROBYN BURNETTE	LISA CARRIERO	KAREN CHRISTENSON	VERONICA CING
DANIEL BRADLEY	THOMAS BURRELL	MICHAEL CARRILLO	JAMES CHRISTIAN	ZEN CING
FRANCISCO BRAMBILA	CLIFTON BURRUS	VINCENT CARSON	RICHARD CHRISTIANSEN	THERESA CING KOK
GRIFFIN BRANHAM	ROBERT BURT	BRIDGET CARTER	AWI CIANG	ROMAN CIOLAC
ERIK BRANTNER	SAMUEL BUSH	KENDRIX CARTER	LUN CIANG	MARLA CIONI OHARA
JAIRO BRAVO	WAYNE BUSH	ROBERT CARTER	CING CIIN	DAVID CIRIACO
AMANDO BRAVO ARIAS	ADRIAN BUTLER	RICHARD CARTWRIGHT	CING CIIN	JUSTIN CLAIBORNE
JUAN BRAVO SANCHEZ	BRANDON BUTLER	ISMAEL CARVAJAL	MAU CIIN	AMANDA CLAITOR
KATHLEAN BRELAND	CORTNEY BUTLER	CRISTOBAL CARVAJAL	NING CIIN	LOURDES CLANCE
BENJAMIN BREMER	LASHAWNDA BUTLER	COLORADO	NUAM CIIN	AMY CLARK
PORTER BRENNAN	ROSA BUTLER	BEATRIZ CASIANO	CING CIN	DEBORAH CLARK
AMANDA BRESEE	JOSEPH BUXTON	DANIEL CASTEEL	KAM CIN	GEORGE CLARK
MICHAEL BRESSERS	DAKOTA BYNUM	ALBA CASTILLO	KHAM CIN	JASON CLARK
SETH BRESSLER	JUSTIN BYRD	KAROL CASTRO	LANG CIN	JAMES CLARK
STEVEN BRIGHTWELL	JESSEE CABLE	LATHAN CASTRO	LANGH CIN	CHARLES CLARK
CRAIG BRIGHTWELL	ELSA CABRERA	YAGUARIN CASTRO	PAUL CIN	MOLLY CLARK
MARY ANNE BRIGHTWELL	JANIBAL CABUDOY	FELICIA CASTRO	PUM KHAN CIN	NIKOLAI CLAWSON
BRISA BRISENO	ALEJANDRO CADENA	MARIO CASTRO JR	THANGHAU CIN	BRYANT CLAY HOPKINS
WILLIAM BRITO	MARBELLA CADENA	BRENDAN CATLETT	TUAN CIN	TONYA CLEEK
QUINTON BROADNAX	CLEVELAND CAGE, JR	ESTEPHANY CAVELLO	VUNGH CIN	JUAN CLEMENTE
NICHOLAS BROCKWAY	KOBE CAGLE	GONZALEZ	AIH CING	VALLADARES
DUSTIN BROD	STEVEN CAGLE	MARGARITO CAVELLO	ANGELA MAN CING	WILLIAM CLEVELAND
JUSTIN BRODERICK	ANDREW CAIL	PENALOZA	AWI CING	JASON CLIFTON
THAD BROLLIER	JASON CALDER	JASON CAVIN	CIANG CING	CLIFTON CLINE
ARLUNDA BROOKS	RAYMOND CALDERA	SHAWN CAVIN	CIIN CING	TERRY CLONTZ
KYLEE BROOKS	YOSMAR CALDERA	BRIAN CAVNER	CIIN CING	MARK COBB
WINSTON BROSEKE	HERNANDEZ	JEREMY CAVNESS	CIN CING	OLIVIA COCHRAN
BRANDON BROWN	MARGARITO CALDERON	HECTOR CAZARES	CING CING	JEROMY COCKRELL
CHRISTOPHER BROWN	CASEY CALDWELL	CORNELIO CEJA GRIMALDO	DIM CING	TROY COCKRUM
LONNIE BROWN	SANDRA CALDWELL	FRANCISCO CERVANTES	DIM CING	CORY COFFEY
MICHAEL BROWN	TYLER CALICO	LILIA CERVANTES	DON CING	NATASHA COFFMAN
MITCHELL BROWN	JORGE CALIXTO	SAVANNA CERVANTES	DON CING	KARINA COIRA HIRALDO
NATHANUAL BROWN	CODY CALL	BRYAN CHADWELL	GIN CING	GILBERT COLE
PAIGE BROWN	TYLER CALL	GUADALUPE CHAIREZ GALAN	GLORY CING	MICHAEL COLE
QUINTELLA BROWN	JOHN CALLAHAN	ZO CHAMA	HAU CING	ROBERT COLE
SARAH BROWN	GUY CALLAHAN	RICKY CHAMBLISS	HAU CING	NATHAN COLE
SHELIA BROWN	EDWARD CALLOWAY	THOMAS CHANCE	HAU CING	JACOB COLE
SHENEQUA BROWN	MARIA CAMACHO	ROBERT CHANEY	HUAI CING	DEMARIO COLEMAN
TIMOTHY BROWN	BRANDON CAMERON	KEVIN CHAPMAN	LAM CING	ANDREW COLEMAN
WILEY BROWN	TEVIN CAMERON	PATRICK CHAPMAN	LIAN CING	TYLER COLEMAN
WESLY BROWNING	JEFFREY CAMPBELL	SANDRA CHARLES	LIAN CING	MAXIMILIAN COLLIER
CHRISTOPHER BROWNING	TOMMY CAMPBELL	ALEX CHATKEHOODLE	LIAN CING	SCOTT COLLINGSWORTH
JOSEPH BROYLES	ZAVEYION CAMPBELL	CHRISTOPHER CHATMAN	LUN CING	CHRISTOPHER COLLINS
JERRILIUS BRUCE	ROBERT CAMPBELL	EDGAR CHAVEZ	LUN CING	CLAYTON COLLINS
ZACHARY BRUMMUND	TATIANA CAMPOS SILVA	GREGORY CHAVEZ	MAN CING	JENNIFER COLLINS
CHRISTOPHER BRYANT	TREVIN CANADY	ERIK CHAVEZ	MAN CING	KEVIN COLLINS
CHRISTOPHER BRYANT	GILDA CANNADY	KARI CHEE	MAN CING	MYRA COLLINS
DERRICK BUCHANAN	EDGAR CANO	ZHENYU CHEN	NANG CING	BERNIE COLMENARES
CODY BUCKHANON	DEALOMONEY CANTRELL-	KEVIN CHESTNUT	NEM CING	AARON COLUMBUS
VAN BUI	JOHNSON	GENA CHIDESTER	NEM CING	DAVID COMER
JAMES BUIE	MARIKIA CAPERS	RANCE CHILDS	NGOIH CING	BOBBY CONDITT
JAMES BUIE	BILLY CARDER	SAW CHIT	NIANG CING	DALE CONKWRIGHT
AUSTIN BULLARD	GUADALUPE CARDONA	SAW HLA CHIT	NIANG CING	DAMON CONN
HAYDEN BULLINGER	ANDRES	CASEY CHOATE	NIANG CING	ALEXANDREA CONNER
BAILEY BUNKERS	DREW CARDOZA	CHRISTOPHER CHOATE	NIANG CING	JUDE CONNOLLY

JENNIFER CONTRERAS	DARRELL CROW	JEROME DAVIS	DAW DIM	CARIN EBERLE
YESENIA CONTRERAS	TERRY CROW	BILLY DAVIS, JR	DON DIM	KRYSTLE EDENS
LUIS CONTRERAS	ZACHERY CRUMLEY	RANDALL DAVIS, JR	HAU DIM	DAVID EDGINGTON
AMIEL CONTRERAS	JAMES CRUMPTON	NIAZ WALI DAWLAT ZOY	MAN DIM	ANDREW EDMONDSON
MARK COOK	ERYK CRUZ-SOSA	MERAJUDIN	MONICA CING DIM	SAVANNAH EDWARDS
MICHAEL COOK	MARIA CUELLAR	DAWLATZADARASHID	NIANG DIM	SEBASTIAN EDWARDS
RAYMOND COOK	EDUARDO CUICAS	KEVIN DAWSON	THANG DIM	SAW EH
STEPHEN COOK, JR	RYAN CULBERSON	JEFFERY DAWSON	VUNG DIM	MARDIN EJERCITO
ALAINA COOKS	CALVIN CUMMINGS	JORGE DE LA PAZ	JOHAN DINA	MARCUS ELAM
ALFRED COOKS	CHRIS CUMMINGS	KRISTOPHER DE LA ROSA	LIAN DING	BRITTANY ELAM
MICHAEL COOLIDGE	ROBERT CUMMINGS	EVA DE LA TORRE	CONG DINH	BLAKE ELBERT
SCOTT COON	CODY CUMNISKY	YOANA DE LA TORRE	LUU DINH	SUSIE ELDRIDGE
GREGORY COOPER	JONATHAN CUNNINGHAM	ANDREW DE REGO	QUANG DINH	ANMER ELIAS
JAMES COOPER	DAISY CUNNINGHAM	JAMES DEATHERAGE	TIEN DINH	ANTOLINA ELIAS
SONYA COPPA	LINDSY CUPPS	RICHARD DECAMP	DOMINIC DIONNE	JESUS ELIAS
STACEY CORDELL	JAKEVYON CURRY	STEVEN DECKER	DANE DIXSON	LIPSINA ELIMO
CRYSTAL CORDOVA	JUSTIN CURTIS	BRENNAN DECLUE	KAM DO	REIPIN ELIMO
MARIANA CORDOVA	TYLER CURTIS	JAY DEEN	AUSTIN DODSON	SINTINA ELIMO
ROGELIO CORDOVA	BRANDON CURTIS	DRUE DEHOFF	SOL DOMINGUEZ	SEAN ELLIOTT
JAMES CORNETT	GABRIAL CUTRER	TUANG DEIH	DOMINGO DOMINGUEZ	JAMES ELLIS
MARIA CORONA	GUSTAVO CUYAN	CING DEIH MANG	TINOCO	JEANNE ELLIS RAPSON
GENOVEVA CORONA DE	KEVIN CYRUS	RICHARD DELANCY	CING DON	NOEL ELLSBURY
RIVERA	MARCO DABNEY	ISMAEL DELAPAZ	CING DON	DANA ELMER
CRYSTAL CORREA GONZALEZ	ZIRAM DAHKUM	MATIAS DELAPENA, JR	NGOI DON	AUSTIN EMBRY
ABIMAEEL CORREA GUZMAN	ZAWNG DAI	DOREEN DELEO	ZAM DON	GABRIEL EMERSON
ENRIQUE CORTES	MATTHEW DAJANI	KATHERINE DELGADO	MATTHEW DONAHUE	CHRISTOPHER EMPEY
MICHAEL CORTEZ	CING DAL	SETH DELMORE	CIN DONG	KHAM EN THANG
REBECCA COSIO	GIN DAL	JUANA DELOBO	MKSING DOPMUL	TAMMY ENDICOTT
IMMARIA COSIO	GO DAL	HILDA DELUNA	NANG DOPMUL	JORY ENGEL
CALEB COTTON	JOHN DAL	RAQUEL DELUNA	NGAILAM DOPMUL	JACOB ENGELKES
FRED COTTON	LIAN DAL	MICAH DELZELL	NIANGNUAM DOPMUL	TINISHA ENGLISH
MEAGAN COTTON	NANG DAL	MATTHEW DEMAREE	THANGMINLIAN DOPMUL	RODRIGO ENRIQUEZ URIBE
ARMANDINA COVARRUBIAS	NENG DAL	SETH DEMAREE	VUNGLAM DOPMUL	SANDRA ENTRALGO
DE GUZMAN	BIRESH DALBOT	RUSSELL DEMOSS	SCOTT DOTSON	DELITA ERIKMWAI
ERIC COX	CODY DALTON	KYLE DENNIS	TIMOTHY DOWNS	BENJAMIN ERNST
ADRIAN CRABTREE	HAU DAM	HELEN DENNIS	JACOB DOWTY	STANLEY ERVIN
JACOB CRABTREE	HENLEY DANG	MICHAEL DENNIS	JORDAN DOZIER	STEVEN ERVIN
KATHLEEN CRABTREE	STEPHEN DANGOTT	TROY DENNISON	ROGER DRAINE	CARLOS ESCOBAR KANAN
STEPHAN CRABTREE	DANNY DANIELS	JOSEPH DENTON	CATHRYN DUBBS	SAHIB ESHAN
SHAWN CRAIG	JUSTIN DANIELS	JASON DEREAS	HAROLD DUBENSKY	JUWANGIU ESIWILI
SHELBY CRAIG	LAQUENTIN DANIELS	JOSHUA DESHAZER	LAQUETTA DUBLISKY	EDDY ESIWINI
CHRISTINA CRAIN	TOBIAS DANIELS	MATTHEW DESHAZER	ADAM DUBOS	DWIGHT ESKEW
JERRY CRANE	KARIE DARCY	CALEB DEVENNY	BRANDON DUBUC	GERARDO ESPINDOLA
BRADLEY CRAWFORD	RODNEY DARDEN	BRANDON DEVEY	DOUGLAS DUBUC	HERNANDEZ
RYAN CRAWFORD	MICHAELA DARNELL	AUDENCIA DEVILLA	SAMUEL DUELL HARRIS	COLBY ESPREE
ZEUS CRAWFORD	ISAAC DAS	ROY DEVILLE	THERESA DUGAN	DELIA ESTRADA
ROBERT CRAWFORD	SCOTT DAVEY	SRIJAN DHAKAL	KENNETH DULANEY	LIZBETH ESTRADA
ALBERT CRAWFORD	JENIFUR DAVIDSON	TRAVIS DIAL	THANG DUN	PATRICIA ESTRADA
THOMAS CRAWFORD	AMANDA DAVIDSON-GOLIEN	JONATHAN DIAZ	CHRISTOPHER DUNCAN	BALTASAR ESTRADA
WALTER CRAWLEY	DAVID DAVILA	JOSE DIAZ	KELSON DUNN	LEONOR ESTRADA
COURTNEY CRAYNE	JEFFERY DAVIS	KAROLAYM DIAZ	MELISSA DUNN	DEISI ESTRADA ALEJO
JACOB CRAYNE	BAILEY DAVIS	PEDRO JOSE DIAZ	ADRIAND DURAND	MARCUS EVANS
TACARRA CREGGETT	BESSIE DAVIS	ALEXANDER DIAZ	RALPH DURBIN	TYLER EVANS
MARCO CRISP	CAMERON DAVIS	ANGEL DIAZ	KYLE DURNING	JOHN EVANS
JAKE CRISS	DARRYL DAVIS	ADAN DIAZ	JOHN DUTKA	JUSTIN EVANS
JOSEPH CRIST	DIANE DAVIS	KAINOA DICKSON	MELISSA DUWE	DEONDRA EVERITT
ZOEY CRITES	JASON DAVIS	MOSES DIFFIN	KEVIN DYKSTRA	CHAD EVERS
HEATH CRITTENDEN	JERRY DAVIS	CARRINGTON DIGGS, JR	JACOB DYSON	TRISTIAN EVEY
ACIE CROCKETT	MATTHEW DAVIS	LARRY DILLON	ROBIN DZIEDZINIEWICZ	KURTIS EWING
SHERYL CROSS	TORI DAVIS	ABDUL RAHMAN DILSOZ	ANDREW E TRAW	JESSE EWTON
MATTHEW CROUCH	TRAVIS DAVIS	CIANG DIM	CHRISTOPHER EASON	TROY EZELL

M REEN EZRA	TALISHIA FOREMAN	YARITZA GARCIA	MARIA GONZALEZ DE	MIR GULAMZOI
JOSHUA FAGANS	GULLIVER FORRESTER	JOSE GARCIA	CAVELLO	JOHN GULDEN
ARACELY FAGLIE	DEVANTE FORSHEE	CODY GARCIA	MA REFUGIO GONZALEZ	STEVEN GUNN
SHAWN FAIRLEY	CHRISTOPHER FOSTER	ISIDRO GARCIA ARRIAGA	HERNANDEZ	ANDREW GUNSCH
MUHAMMAD FAIZI	FREDERICK FOSTER	GRACIELA GARCIA LOPEZ	ISMAEL GONZALEZ LOEZA	CARLOS GUTIERREZ
MOHAMMAD FAIZY	JAKE FOSTER	JUAN GARCIA RAMIREZ	VICTOR GONZALEZ PAOLINI	GUADALUPE GUTIERREZ
BRANDON FAREK	WYEATHA FOSTER	LESLIE GARCIA TAPIA	CYNTHIA GONZALEZ	GONZALEZ
JESSICA FARIA PORTILLO	BRODY FOSTER	QUINCY GARDNER	QUINTERO	SILVIA GUTIERREZ MENDOZA
JAQUAN FARMER	STEVEN FOWKE	ZAIDA GARIBAY	GRISELDA GONZALEZ	EUGENE GUY
BRANDON FARRELL	BRANDON FOWLER	NORMA GARIBAY VILLENA	RAMIREZ	DIEGO GUZMAN
EMILY FARRIS	JOHN FOWLER	MICHAEL GARLAND, JR	LIDIA GONZALEZ RIVERA	GEORGINA GUZMAN
SUSAN FARRIS	JOSEPH FOWLER	JAMES GARNER	DANIEL GONZALEZ SANCHEZ	LUIS GUZMAN
KELLY FAULKNER	DANIEL FRANCIS	KASSONDRA GARNER	DELFIN GONZALEZ	LUIS ALBERTO GUZMAN LAU
AMY FEHNEL	EYLIDD FRANCO	EUGENE GARNER	VILLAMIZAR	STANLEY HA
JEFFREY FEHR	RUBEN FRANCO GOMEZ	CASON GAROUTTE	DAMON GOODAY	SCOTTY HAGLER
LAUREN FERGUSON	PHILLIP FRANK	MARCUS GARRETT	AARON GOODMAN	LONNIE HAIGLER
DIANA FERNANDEZ	CAROLYN FRANKLIN	MICHAEL GATLIN	MICHAEL GOODSON	NGAM HAK
GILBERT FERNANDEZ	WARREN FRANKLIN	BETTINA GAUT	LATOYA GORDON	TIMOTHY HALBERT
LUCIA FERNANDEZ	DOUGLAS FRANZ	BRYAN GAYLOR	KEVIN GOREE	JOSEPH HALBERT HELTON
MARCOS FERNANDEZ	KYLE FRAZIER	FAITH GAYLOR	ASHLEY GRAHAM	JULIAN HALE
WILLIAM FERRELL	BRANDON FREEL	CORBETT GAYTAN	JASON GRAHAM	REBECCA HALE
GUSTAVO FERRER ARBAIZA	JOSE FREGOSO	XERXES GAZDER	JOSEPH GRAHAM	KEITH HALEY
ALFRED FETTERHOFF, JR	RICK FRENCH	CHASTON GEORGE	JESSTON GRAHAM	JOSHUA HALFPAP
DELOMONTA FIELDS	RICKY FRENCH	JAMES GEORGE	MARLEITTA GRAMMER	MUHAMMAD HALIMI
GARY FIELDS	ANGEL FRIAS	KURSTON GERTY	CLOTHERE GRAMMONT	DENNIS HALL
ADRIAN FIELDS	TIMOTHY FRIAS	GABRIEL GIACHINO	BUENAVENTURA GRANADOS	GREGORY HALL
THOMAS FIERROS	BRANDON FRICK	KEITH GIANELLA	RUBIOS	KELLY HALL
CARLINTA FILLAS	BARRY FRIEND	DEWAYNE GIBBS	DOUGLAS GRANT	ROBERT HALL
ANDREW FINCH	TIMOTHY FRUEHLING	ROBERT GIBLER	APRIL GRAUGNARD	STEPHANIE HALL
JESSICA FINKBINER	JOHN FRY	CHARLES GIBSON	IRIS GRAVES	STEPHEN HALL
KRYSTAL FISCHER	BERNARD FULLBRIGHT	SAMANTHA GIBSON	DANIEL GRAVON	GENE HALL
BRITTNEY FISHER	JONAH FULLERTON	DILLON GIESCHEN	ERIC GRAY	MASON HALL
JEFFREY FISHER	BRANDON FULLINGTON	JOSE GIL	ARLENE GREEN	STEPHANIE HALL BERGMAN
JONATHON FISHER	LUIS FUMERO	KENNETH GILES	GAGE GREEN	ZACHARY HALSEY
SAMUEL FISHER	LUIS FUMERO PEREZ	WILLIAM GILL	JONATHAN GREEN	DANIEL HALTERMAN
TOBY FISHER	COLLIN FURLON	JENNA GLOVER	LARRY GREEN	TOLOVE HAM
ALYSSA FLESHMAN	ANDRE FURMAN	SUAN GO	WILLIAM GREEN, III	FARIDULLAH HAMDERD
JOHN FLETCHER III	DANIEL FYFFE	VUNGH GO	CHRISTOPHER GREENE	AJ HAMELAI
TYLER FLINT	LATOYA GAINES	FRANKLIN GODFREY	SHEMITA GREER	FLORENCE HAMELAI
PHILIP FLOOD	SARA GAITHER	LADIAMOND GODLOCK	KENDRA GRIDER	G SCOTT HAMILTON
DELLARIE FLOOD	WILLIAM GAITHER-	ROBERT GOFF	STARLA GRIFFIN	THOMAS HAMLIK
ARCELIA FLORENTINO	DOUBLEHEAD	ZAFAR GOJAR	CINDY GRIFFITH	PATRICIA HAMLIN
CAROLINA FLORES	CECILIO GALAN	JACOB GOLIEN	ADAM GROSS	JEFFREY HAMMONS
EFIGENIA FLORES	DELANO GALBREATH	MARIA GOMEZ	DANIEL GROSS	ANDEREAS HAMO
GLORIA FLORES	GREGORY GALUSHA	REIQUEL GOMEZ	WILLIAM GROW	MARIANO HAMO
LAURA FLORES	ASHLEY GALUSHA	MARIA GOMEZ MEDINA	RAY GRUBER	CHRISTOPHER HAMON
ROLANDO FLORES	GILBERTO GALVAN INO	DOMINIC GONZALES	JOHN GRUNDMANN	SHYANNA
ROBERT FLORES	JAVIER GAMEZ	SAMUEL GONZALES	RACHEL GRUNDMANN	HANDSCHUMACHER
HECTOR FLORES	ALEJANDRO GAMEZ GARZA	SHELBY GONZALES	CARLOS GUARDADO	SHYANNA
GLADYS FLORES	SARAH GAMMON	JOHANNA GONZALES ORTEGA	LILLIEANA GUDINO	HANDSCHUMACHER
ERIK FLORES BANDA	BALERIANO GAONA JR	MARK GONZALEZ	MARCOS GUERERE	JASON HANEY
JOEL FLORES ROBLES	MARIA GARAY	ADRIAN GONZALEZ	JUAN GUERRA MEDINA	ANDREW HANG
MARCUS FLOYD	FRANCISCO GARAY CORONA	IMELDA GONZALEZ	GERARDO GUERRERO	MUNG HANG
JAMES FLOYD	ANGEL GARCIA	JAMES GONZALEZ	CASTELLANOS	PAUN HANG
CODY FLUHARTY	DAVID GARCIA	MARISELA GONZALEZ	LUIS GUEVARA	THANG HANG
MARK FLY	ESTEBAN GARCIA	PILAR GONZALEZ	MARIA GUEVARA	LAL HANGSAWK
ALEX FONSECA	JOE GARCIA	ROBERTO GONZALEZ	RODOLFO GUEVARA	LAM HANGSAWK
ELIZABETH FOOTT	JOSE GARCIA	LETICIA GONZALEZ	CAROLINA GUILLEN	ROBERT HANSEN
CARLOS FORD	RICARDO GARCIA	SONIA GONZALEZ	BRANDON GUINN	DEBBIE HANSEN
DEJUAN FORD	ROSA GARCIA	IRVIN GONZALEZ	VERNICE GUINN	CHRIS HANSHEW
REBECCA FORD	STEVEN GARCIA	ABRUM GONZALEZ ALTER	CING GUITTE	CAITLYN HANSON

TONG HAO	LUKE HEMPHILL	JERRY HILLBURN	CING HUAI	OBERON JACKSON
CHIN HAOKIP	BOBBY HENDERSON	REGINA HILLSMAN	JULIA HUAI	NATHAN JACKSON
HOLKHOSEI HAOKIP	CHAKIRIS HENDERSON	DANNA HILTON	NIAL HUAI	DARYL JACKSON, JR
LAM HAOKIP	COLLIN HENDERSON	LAMONT HINES	NUAM HUAI	BRADLEY JAEGER
LHUN HAOKIP	ERIC HENDERSON	STACI HINES	VERONICA HUAI	CAMERON JAEGER
PAO HAOKIP	MATTHEW HENDERSON	TYSON HINTHER	ZAM HUAI	BAILEY JAGER
VAHNEILHING HAOKIP	SUSAN HENDERSON	MIN HLA	ZEN HUAI	MAKAYLA JAGER
CHRISTOPHER HARDEE	MELISSA HENLEY	THANG HMUNG	THANG HUAT	EID WALI KHAN JALAL ZAI
LAURA HARDEE	KENNETH HENRY	TUANG HNIN	SCOTT HUBER	ZAR WALI JALAL ZAI
DANIEL HARDIN	JOSHUA HENSLEY	SIEW HO	MICHAEL HUDSON	JAN JALALI
NATALIE HARDIN	KEVIN HENSLEY	JACOB HOBBS	DAWN HUDSON	JOSE JAMAICA
JOHN HARDT	SARAH HENSON	RALPH HOBBS	BRETT HUEBNER	JOSE JAMAICA CARRENO
SCOTT HARJO	KEVEN HER	ANDREW HODGES	DANIEL HUERTA	RONDRICK JAMES
OKSANA HARKUSHA	YER HER	TONY HODGES	CHRISTOPHER HUFF	DELBAR JAN
JERRY HARRIS	ASCENSION HERNANDEZ	TAQUISA HODNETT SMITH	DERIAN HUGHES	MUSAFAR JAN
LINSLEY HARRIS	CORCINA HERNANDEZ	ANDREW HOFFMAN	CAROLYN HUGHEY	FRANCES JARAMILLO
RICHARD HARRIS	JANET HERNANDEZ	LENA HOGAN	JERAD HUMPHREY	RICKY JARAMILLO
SIERRA HARRIS	JOSE HERNANDEZ	RAMSEY HOGAN	LATARCHA HUMPHRIES	ESTHER JASUAN
STACEY HARRIS	KAILA HERNANDEZ	SIAN HOIH	KHAN HUNG	STEPHEN JEFFERS
STEVEN HARRIS	KARI HERNANDEZ	CHRISTOPHER HOLBROOKS	CRYSTAL HUNTER	DENNIS JEFFERSON
TERRY HARRIS	LUIS HERNANDEZ	RICKEY HOLCOMB, II	DAMICO HUNTER	BILLY JENKINS
DEMETRIOUS HARRISON	MARGARITA HERNANDEZ	MARCUS HOLLAND	JACOB HUNTINGTON	CURTIS JENKINS
N LAST HARRY	MARIA HERNANDEZ	KIMBERLY HOLLAND-NOLEN	DEKEVIAN HURD	DESIREE JENKINS
BRENTON HARTLEY	MARIANO HERNANDEZ	HEATHER HOLLENBEAK	MICHAEL HURD	WADE JENKINS
LEVI HARTLEY	VICTORINO HERNANDEZ	GAVEN HOLLEY	ABDUL HUSSAINI	DAKOTA JENNINGS
RUSTY HARTLEY	MIGUEL HERNANDEZ	OLIVIA HOLLIDAY	RONALD HUTCHCRAFT	TERRIELLE JENNINGS
SARA HARTLEY	CHRISTIAN HERNANDEZ	KELSEY HOLMES	JIM HUTCHINSON	STEVEN JENSEN
JOSHUA HARTMAN	JUAN HERNANDEZ	VICKY HOLMES	DUNG HUYNH	RICHARD JESTER
JORDAN HARVEY	STEVEN HERNANDEZ	LAWRENCE HONEL	LOC HUYNH	CODY JEWELL
DUSTIN HASBROUCK	CESAR HERNANDEZ	ZACHERY HONEL	THANH HUYNH	MIKAYLA JIMBOY
HEATHER HASKINS	DOMINGUEZ	DILLON HONEYMAN	JUBE HWANG	PEDRO JIMENEZ
COREY HASSELL	LUKE HERNDON	ANASTASIA HONN	BENJAMIN HYDE	CARMEN JIMENEZ
CHAUNCEY HATTEN	BETANIA HERRERA	BRYON HOOD	ETHAN IAROSSE	FREDERICK JIMMERSON
ZAM HATZAW	RICO HERRERA	STEPHEN HOOVER	JUAN IBARRA	CHAITANYA JOHAR
ANNA HAU	AXEL HERRERA BAEZ	DEREK HOPKINS	AUGUSTINA ICHIRO	JOANN JOHN
CIN HAU	JAYE HERRMANN	ANGELA HORELLOU	JESUS IDROGO BLANCO	ALEXIS JOHNSON
CING HAU	EDWARD HERRMANN	TODD HORELLOU	MARCOS IGLESIAS	CARDALEOUS JOHNSON
CING HAU	BRIAN HESS	SHELBY HORNBERGER	NANG ING	CEDRIC JOHNSON
CING HAU	MARK HESTON	STANLEY HORTON	TIERRA INHOFE GINEST	CHARLES JOHNSON
KAM HAU	NICKY HETHON	NU HOU	BRADLEY IOWANES	CHRISTIAN JOHNSON
THANG HAU	CAMERON HETTICK	TINNER HOU KIP	MENDINA IOWANES	DINARI JOHNSON
THANG HAU	COLBY HETTICK	SANDRA HOUSE	ANDREA IRISH	EBONI JOHNSON
THANG HAU	HOYET HIBBARD	LEVI HOUSEHOLDER	OBIE IRON	JEREMIAH JOHNSON
ZAM HAU	SAMUEL HIBBARD	JERRY HOUSEMAN	ALBERT IRONHEART	KEITH JOHNSON
NENG HAU LIAN	MICHAEL HICKMAN	ALEX HOUSTON	REGINALD ISAAC, SR	MARJORIE JOHNSON
MADISON HAVEL	RUFUS HICKS	RICHARD HOUSTON	MAZHARUL ISLAM	MISTY JOHNSON
PAUL HAVENS	JOHN HIDALGO	ALLYANN HOWARD	KERAMUDIN ISLAMUDDIN	SOPHIA JOHNSON
ADRIUN HAWKINS	MACEN HIGDON	ANTHONY HOWARD	ERATH ISLAS	STEVEN JOHNSON
DESTINY HAWKINS	TYLER HIGGINS	DAVID HOWARD	MAIAD ISMAIL	TRAYSE JOHNSON
BILLY HAWLEY, JR	LARRY HIGHFIELD	JAMES HOWARD	TU JA	TRISTAN JOHNSON
REGION HAYDEN	FARID HILAL	LAMARCUS HOWARD	KHAI JA KHUP	ZACHARY JOHNSON
CORY HAYES	JEFFERY HILBERT	MICHAEL HOWARD	BELINDA JACKSON	TEDDY JOHNSON
BRENDON HAYS	CARLOS HILL	PHYLLIS HOWARD	DALTON JACKSON	ROBERT JOHNSON
CHRISTOPHER HAYS	DONALD HILL	DARIN HOWELL	JACE JACKSON	KENDAL JOHNSON
LUCAS HAYS	JUDITH HILL	DEVONA HOWELL	JEFF JACKSON	CALEB JOHNSON
NASIM KHAN HAZRAT GUL	RUSSELL HILL	SIRENA HOWETH	JENNIFER JACKSON	TIFFNEY JOINER
BOBBY HEDRICK	SANTANYA HILL	SAW HTOO	JONATHAN JACKSON	RODNEY JOLLEY
THAN HEIN	SONYA HILL	CIIN HUAI	KALEB JACKSON	DMARQUESS JONES
REX HEISING	TAMARA HILL	CING HUAI	LAMOR JACKSON	BETHANY JONES
DYLAN HELMANDOLLAR	TAMERA HILL	CING HUAI	MARY JACKSON	CADE JONES
CHASE HELMICK	DAVY HILL, JR	CING HUAI	TAMMY JACKSON	CLARISSA JONES

CONNIE JONES	KAM KAP	NGIN KHAI	THANG KHUAL	JOE KINCADE
CRISSANA JONES	KHEN KAP	PAU KHAI	THANG KHUAL	JESSICA KINDLE
CRYSTAL JONES	LIAN KAP	PAU KHAI	THANG KHUAL	KENOSHA KINDLE
DANNY JONES	THANG KAP	PAU KHAI	ZAM KHUAL	BRANDY KING
DAVID JONES	THANG KAP	PAU KHAI	BANG SIAN KHUAL TAWNG	CODY KING
DAVID JONES	THANG KAP	PAU KHAI	CIN KHUP	ISSAC KING
DAVID JONES	THONG KAP	PAU KHAI	DAI KHUP	KORBY KINKADE
DERRIC JONES	SIAN KAP LIAN	PAUL KHAI	KAI KHUP	NICOLAS KINKADE
ERIC JONES	JAMIE KAPULE	PETER KHAI	KAP KHUP	ROGER KINKADE JR
ERIC JONES	JASON KAPULE	SUAN KHAI	KHAI KHUP	BDWAS KINTIN
GARON JONES	MOHAMMAD KARIMI	THAN KHAI	KHAI KHUP	MANGNEO KIPGEN
KENYATTA JONES	SUZANNE KARNOFSKI	THANG KHAI	LANG KHUP	CORY KISSLER
KEVIN JONES	ODINATUS KASMIR	THANG KHAI	LANGH KHUP	MORGAN KIZER
KINESHA JONES	BRIAN KASTL	THANG KHAI	LIAN KHUP	SPENCER KIZER
MATTHEW JONES	SAMUEL KASUNI	THANG KHAI	MANG KHUP	JENNIFER KLAASSEN
RAYMON JONES	JEFFREY KAUFMAN	THANG KHAI	MANG KHUP	KATHRYN KLEINER
DAPHNE JONES	ERYN KAVANAUGH	THANG KHAI	NANG KHUP	TSOLMON KLEINERT
JUSTIN JONES	TRISTAN KAVANAUGH	THANG KHAI	NANG KHUP	JOHN KLENE
DEBRA JONES-MAXON	LIA KAW	THANG KHAI	NANG KHUP	DANIEL KLINE
DANNY JONES, JR	TUANG KAWI	THAWNG KHAI	NANG KHUP	STEPHEN KLING
JESSICA JORDAN	NENGLIAN KAWNGTE	THIAN KHAI	NGIN KHUP	JENNIFER KLINKHAMER
MARY JORDAN	DAYLON KEITH	TUN KHAI	PAU KHUP	ROBERT KNEBEL
RONALD JORDAN	TYLER KELLAR	VUNG KHAI	PAU KHUP	ALICIA KNOPIK
SEAN JORDAN	BELINDA KELLY	ZAAM KHAI	SUAN KHUP	CLYDE KNOX
BRITNI JORDAN	ELIZABETH KELLY	ZAM KHAI	THANG KHUP	ARIELLE KNUDSEN
KACY JORDAN BATES	LERYS KELLY	ZAM KHAI	THAWNG KHUP	GARY KNUDSEN
JACOB JORISHIE	KENNETH KELLY, JR	ZAM KHAI ZOMI	TUNG KHUP	LAURA KNUDSEN
ABIGAIL JOSE	CORY KEMPER	THURA KHAING	ZEN KHUP	COURTNEY KNUDSON
AFINO JOSEPH	FITI KENCHY	SIFATULLAH KHAKSAR	JASON KIDD	AYECHAN KO
JACKY JOSEPH	DRAPER KENNEDY	SAKHIDAD KHALIL BEAK	RIAN KIDD	GEORGE KOESTER
RELEEN JOSEPH	GREGG KENNEDY	AIK KHAM	CASEY KIDWELL	BRANDON KOHLMAN
TJ JOSEPH	JOHNATHON KENNEDY	DONGH KHAM	SIAN KIIM	EMANUEL KOLMAN
ASHLEY JOSEPH	BROCK KENT	EN KHAM	BIAK KIL	KINTU KONMAN
KRYSTAL JOWERS	JARED KEPNER	GO KHAM	ANDREW KILGORE	BUDDY KONS
YOLANDA JUAREZ	RICHARD KERNAL	KAM KHAM	MENGKY KILLY	MARTIN KOP
MARTIN JUAREZ	JOSIAH KESLER	LIAN KHAM	JENNIFER KILMAN	JS KOSEMOCHEN
MARIA JUAREZ RIVERA	STEVLAND KEY	MUNG KHAM	CHIN KIM	CHUNO KOSI
DERMIDIO JUEZ PEREZ	KHWAJA KH SHIR AHMAD	NGUN KHAM	CIIN KIM	IVAN KOSOVAN
MICHAEL JULIAN	ABRAHAM KHAI	PAU KHAM	CIIN KIM	JAMES KOSS
LEANDRO JUMELLES NUNEZ	DAL KHAI	KHWAJA KHAN	CING KIM	DAVID KOSTA
VANCE JUSTIC-MAYFIELD	DAL KHAI	MINUALLAH KHAN	DAI KIM	RONALD KOZLOWSKI
CHRISTOPHER JUSTICE	DAVID KHAI	NASEEB KHAN	DIM KIM	ROBERT KRAFJACK
LASHETIA JUSTICE	DO KHAI	SHEENA KHAN	DIM KIM	JOSHUA KRAMER
DAVID KAHURA	DO KHAI	THAWNG KHAN	EDWARD KIM	NICHOLAS KRAUSE
ZAM KAI	EN KHAI	FAIZULLAH KHAROOTY	HAU KIM	NEBOJSA KRESOVIC
MUSTAFA KAIHAN	GIN KHAI	THANG KHAT	KAM KIM	SHOBHA KRISHNASWAMY
MARISA KAIRIS	GO KHAI	CING KHAWL	KANG KIM	JONATHAN KROBLIN
GARRETT KAISER	HANG KHAI	CING KHAWL	KHAI KIM	MARIA KRUCKENBERG
JASON KALE	HAU KHAI	CING KHEK	MAN KIM	MIKHAIL KRUPENYA
HAU KAM	JOHN KHAI	KAM KHEN	MANG KIM	ADAM KUBICKI
LIAN KAM	KAM KHAI	LIAN KHEN	NANG KIM	RAYMOND KUHN
MANG KAM	KHAM KHAI	CING KHO	NIANG KIM	JAY KUS
NGIN KAM	KHAM KHAI	NIANG KHOI	NICOLAS KIM	SIMPAT KUS
CLARENCE KAMP	KHAM KHAI	CIN KHUAL	NING KIM	DAVIS KUSS
LELAND KANUCH	KHUAL KHAI	DAI KHUAL	PA VAN KIM	LIANA KUSS
CIN KAP	KHUP KHAI	HAU KHUAL	SIAN KIM	SCRAM KUSS
DAL KAP	KIM KHAI	KAM KHUAL	THANG KIM	CASSY KUYKENDALL
GO KAP	LAANG KHAI	KHUP KHUAL	THANG KIM	NICHOLAS KUYKENDALL
GO KAP	MANG KHAI	PAU KHUAL	TUAN LIAN KIM	ALEXANDER KUZNETSOV
HANG KAP	NANG KHAI	PAU KHUAL	ZAM KIM	AUNG KYI
KAI KAP	NGIN KHAI	PAU KHUAL	ERICA KIMBLE	NGIN LAANG

RONALD LABOUBE	GREGORY LEFFLER	THANG LIAN	QUANNAH LUDLOW	LIAN MAN
MATTHEW LACEY	KANDIS LEFFLER	THANG LIAN	DAKOTA LUELLEN	NEM MAN
BOBBY LACY	MARK LEHMAN	ZAM LIAN	EVELYN LUGO ORTIZ	NIANG MAN
BLAKE LAGERS	LUN LEK	ZEN LIAN	JORGHELYS LUJAN GOMEZ	VUNG MAN
LUIS LAGUNAS	LUN LEK	LAL LIANA	DAWN LUKE	VUNG MAN
GIANG LAI	CLIFFORD LEMAY	SAWM LIANA	CING LUN	TAM MANA
LAIQ LAIQ	LAURIN LEMLEY	SIAN LIEN	CING LUN	MARIA MANCILLA
MARK LAKE	JAVIER LEMUS RUIZ	SO KHO LIEN	CING LUN	DANIEL MANCILLA
KAP LAL	PAUL LEVENTRY	DANIEL LIGON	DIM LUN	ALEJANDRO MANCILLA
THANG LAL	ADUNTE LEWIS	ZACHARY LILLIE	DIM LUN	JUAN MANCILLA
THANG LAL	ALICE LEWIS	GLENDELL LILLY	DIM LUN	CHIN MANG
ZVJEZDANA LALIC	KIM LEWIS	JAKOREAN LILLY	HKIN LUN	CIIN MANG
GIN LAM	NATHAN LEWIS	LAKESHIA LILLY	LIAN LUN	CING MANG
MUNG LAM	SARIAH LEWIS	PING LIN	NGAI LUN	CING MANG
ANGELA LAMBERT	JOSEPH LEWIS	JAMAR LINCOLN	NIANG LUN	DAL MANG
ANNETTE LAMBERT	CYNTHIA LEYVA	WILLIAM LIND	NIANG LUN	DIM MANG
JEFFERY LANDRUM	DAVID LEZAMA	FRANK LINDSEY	NIANG LUN	DO MANG
MYOSHIA LANDRUM	DIM LHING	MISHAELA LINDSEY	NIANG LUN	EN MANG
ROADY LANDTISER	VAH LHING	KEITH LINKER	NIANG LUN	GIN MANG
DEBORAH LANE	AWI LIAN	DREW LINWOOD	NIANG LUN	GIN MANG
GIN LANG	AWI LIAN	BRIAN LITTLE	TUAL LUN	HAU MANG
PUM LANG	CIN LIAN	EDWARD LITRELL COLEMAN	VUUM LUN	HAU MANG
SUAN LANG	CIN LIAN	SERGEI LITVINOV	THANG LUN	JOHN THANG MANG
THANG LANG	CIN LIAN	ANGELICA LIZARRAGA OLIVAS	LORENZO LUNA	KAI MANG
COREY LANGE	CIN LIAN	EMILLIC LO	ANDRES LUNA	KAM MANG
HAU LANGH	CING LIAN	MATEO LOARCA	IZIK LUNA	KHAM MANG
HAWM LANGH	CING LIAN	DERICK LOGAN	HECTOR LUNA	KHAM MANG
KAMSIAN LANGH	CING LIAN	BENJAMIN LOGSDON	THANG LUONG	KHAN MANG
KAP LANGH	DAI LIAN	NICKOLAS LOGSDON	DAKOTA LUSK	KHUP MANG
THANG LANGH	DONG LIAN	SCOTTY LOGSDON	THI LUU	KIM MANG
THAWNG LANGH	GIN LIAN	COURTNEY LONG	JACOB LUZIER	KIM MANG
KEVIN LANO	GIN LIAN	ALAN LONGWORTH	BOI LY	LAGH MANG
SENG LAO	GIN LIAN	BENNY LONSDALE	SAMUEL LYNCH JR	LIAN MANG
DANIEL LAPRES	GO LIAN	CADE LOOMAN	HAMSAR MABU	LIAN MANG
JULIA LAPSHOVA	HAU LIAN	JASON LOPES	JORDAN MACK	LIAN MANG
AMANDA LARANCE	HUAI LIAN	BENJAMIN LOPEZ	RUSTIN MACKKEY	LINUS MANG
VIRGINIA LARRABEE	ISAAC LIAN	JONATHAN LOPEZ	LARRY MADALONE, II	MAN MANG
DAVID LARUE	JOSEPH LIAN	MARGARITO LOPEZ	TAZILLE MADISON	NANG MANG
HUGH LASATER	KAM LIAN	NICELT LOPEZ	DANIEL MADRID	NANG MANG
SENG LASI	KAP LIAN	REBECCA LOPEZ	VERONICA MAGANA	NANG MANG
MARCO LASKEY	KAP LIAN	RUBEN LOPEZ	MARIA MAGDALENA	NGIN MANG
KATHRYN LAUE	KHUAL LIAN	THOMAS LOPEZ	CONTRERAS	NGO MANG
SHAWN LAUSCHER	LAL LIAN	SEBASTIAN LOPEZ	DANIEL MAGDALENO	NIN MANG
JENNIFER LAW	LANG LIAN	TIFFANY LOPEZ	SYDNEY MAGEE	NING MANG
DIM LAWH	LANG LIAN	MARIO LOPEZ	DAVID MAGNATTA	NING MANG
MAN LAWH	NANG LIAN	ISELA LOPEZ HERNANDEZ	MISTY MAGUIRE	NING MANG
JUSTIN LAWRENCE	NANG LIAN	EDUARDO LOPEZ OLIVARES	DENA MAHAN	PAU MANG
STEVE LAWRENCE, JR	NIANG LIAN	JOSE LOPEZ OLIVARES	CORY MAHONEY	PAU MANG
JEFFREY LAWSON	NIANG LIAN	FREDDY LOPEZ ORTEGA	JAYDON MAHR	PAU MANG
STEPHEN LAWSON	NO LIAN	JUAN LOPEZ ZAMUDIO	TAM MAI	PHILLIP MANG
JEREMY LAY	NOK LIAN	HEAVEN LORD	RANDALL MAIN	THANG MANG
ANH LE	NUAM LIAN	CALVIN LOTT	EMAM MALAKZAI	ZAM MANG
LAI LE	PAU LIAN	DIVAILEEN LOVER	ANTHONY MALDONADO	ZAM MANG
RODNEY LEASY	PAU LIAN	JASON LOVETT	CARLOS MALDONADO	ZEN MANG
CATALINO LECLAIRE	PAU LIAN	SIRIA LOZANO GRIMALDI	NAFES MALKYAN	ZEN MANG
PETE LEDBETTER	PAU LIAN	CING LUAN	LARRY MALONE	RONALD MANGUS
TYLER LEDFORD	PAU LIAN	DANIEL LUCAS IV	JAMES MALOY	DEVIN MANION
ALLEN LEE	SIAN LIAN	DANIJELA LUCIC	CHRISTOPHER MALTOG	LESSIE MANNS
NATHANIEL LEE	THANG LIAN	GRACIJELA LUCIC	JEFFREY MALY	SHANNA MANNS
MATTHEW LEEPER	THANG LIAN	FRANK LUCIO	KHAN ZAMAN MAMOON	ERIKA MANTALBAN
ARIEL LEFF	THANG LIAN	JARROD LUDLOW	CING MAN	JACKELINE MARCANO

JAMILKA MARCANO	ALLIAH MATTHEWS	CLEOPATRA MCNAMARA	ROBERT MOCK	PASIAN MUAN
APRIL MARGWARTH	ALLISON MATTHEWS	ALEIA MCNANEY DEVORE	JAY MODISETTE	THAWNG MUAN
PAUL MARGWARTH	DONALD MATTHEWS	KEENAN MCPHETRIDGE	BAKHTIAR MOHAMMAD	CIIN MUANG
ALEXANDRU MARIN-SERGHEI	KENNETH MATTHEWS	JOSIAH MEADE	ALI MOHAMMADI	CING MUANG
DARRYL MARKS	ANDREW MATZKE	ANTHONY MEANS	HAJI MOHAMMAD	KAM MUANG
ANGEL MARQUEZ ARGUETA	RON MAUCH	GINA MEANS	MOHAMMADI	KHUAL MUANG
MARIA MARQUEZ DE	MAY MAW	SCHUYLER MEANS	BIASNEY MOJICA CASTANEDA	KHUP MUANG
GILBREATH	DON MAWI	ALEX MEDFORD	JOSUE MOJICA TORRES	LING MUANG
MARIANA MARQUEZ	HANAH MAWI	ALEXZANDER MEDINA	LUIS MOLINA	MUA MUANG
MARQUEZ	RAM MAWI	ASHTON MEDINA	TEODORO MOLINA	THANG MUANG
FRANCISCO MARRUFO, JR	VAN MAWI	DANIELA MEDINA	NAI NYAN MON	ZAM MUANG
VICKEY MARS	VUNG MAWI	JULIE MEDINA	JOSEPH MONDILLO	KENNETH MUDGE
BILLY MARSH	JOEANN MAXIE	SARAH MEDINA	JOSEPH MONFORTE	NATHAN MUILENBURG
STACIE MARSH	PATRICIA MAXIMO	CHRISTINE MEDINA	OFELIA MONREAL	REBECCA MULHOLLAND
OB MARSHALL	LEONARD MAXWELL	JOSE MEJIA	SELENA MONREAL	ALONZO MUMPHREY
ANTONIO MARTIN	ANTHONY MAYES	SULANDER MELENGNA	DINORA MONROY DE DIAZ	THANG MUN
DARRELL MARTIN	SHANE MAYHUGH	JORDAN MELTON	DANIA MONSIVAIS NAVARRO	THANG MUN
DIANA MARTIN	HAYDEN MAYNARD	DESTINY MENDEZ	KARINA MONSIVAIS NAVARRO	CIN MUNG
DORION MARTIN	DEANDRE MCAFFEE	SILVESTRE MENDEZ	FIORELA MONTANO	CIN MUNG
KERRY MARTIN	RICHARD MCANINCH	GONZALES	NATALIE MONTANO	CIN MUNG
MICHAEL MARTIN	TINA MCBEATH	CAMERON MENDOZA	BLANCA MONTOYA	DAII MUNG
MICHAEL MARTIN	JAMES MCBRIDE	MARVIN MENDOZA	JOHNNY MONTOYA	GINDAL MUNG
NARWIN MARTIN	CHASE MCCALL	ANGELA MENDOZA	TANNER MONTOYA	HANG MUNG
RICHARD MARTIN	DYLAN MCCALL	JUSTIN MENNING	MAGDALENA MONTOYA	HAU MUNG
WILLIAM MARTIN	BRENT MCCARTY	JESUS MERCADO	TOVAR	HAU MUNG
JAMES MARTIN	CRYSTAL MCCAWLEY	KEVIN MERIDETH	KEYLON MOORE	HERO MUNG
CARLTON MARTIN	CHRISTOPHER MCCLAIN	BILLY MERRELL	BRANDI MOORE	JACOB MUNG
DANIEL MARTINEZ	CHRISTOPHER MCCLAIN	JOHNNY MERRELL, JR	CLINTON MOORE	JAMES MUNG
DAVID MARTINEZ	FRANCIS MCCLAIN	RYAN MERRITT	CORDELL MOORE	JAMESKANG MUNG
EDGAR MARTINEZ	KONNER MCCLAIN	HERNAN MESA SAEZ	HERBERT MOORE	KAI MUNG
OBDULIA MARTINEZ	KRISTOPHER MCCLAIN	STEVEN METCALF	PHILLIP MOORE	KAM MUNG
PAUL MARTINEZ	RYAN MCCLAIN	JENNIFER METCALFE	TONY MOORE	KAM MUNG
RICHARD MARTINEZ	ROBERT MCCLEARY	CALEB MEYER	ARCHIE MOOYMAN	KAM MUNG
JAIR MARTINEZ	DIRK MCCLELLAN	BRANDON MEZA	ANDREA MORALES	KAP MUNG
JESUS MARTINEZ	SUMMER MCCLELLAN	SEBASTIAN MEZZANATTO	ALFONSO MORAN	KHAI MUNG
ASHTON MARTINEZ	KENTAVIOUS MCCOLLINS	ADAM MICHAUD	TONY MOREHEAD	KHUAL MUNG
ALBERTO MARTINEZ	WALTER MCCOMBS	JOSHUA MIDDLETON	MARCINA MORELAND	KHUP MUNG
CARLOS MARTINEZ	MICHAEL MCCONNELL	ANDREA MIESNER	LUKE MOREY	KHUP MUNG
DESIREE MARTINEZ	DEBRA MCCOWAN	GLENN MILAM	ELROY MORGAN	LANG MUNG
DAVID MARTINEZ	WESLEY MCCOWAN, JR	ANTONIO MILLER	BRIAN MORGAN	LANG MUNG
MARIA MARTINEZ AVILA	ALLEN MCCREARY	SHELLY MILLER	RYEAN MORLATT	LIAN MUNG
ALEJANDRO MARTINEZ	SHELLIE MCCREARY	CHRISTOPHER MILLER	JUAN MORONTA	NANG MUNG
HAROS	MICHAEL MCCUIN	ELLA MILLIKEN	GARRETT MORRIS	NANG MUNG
HECTOR MARTINEZ MOLINA	DAREY MCCURDY	PHILIP MILLMAKER	JOHN MORRIS	NGIN MUNG
MARIA MARTINS	CLENTON MCDANIEL	ASHLEY MILLS	LATASHA MORRIS	PAU MUNG
GUL MASHWANI	ANNE MCDONALD	MARKISHA MILLS	RODNEY MORRIS	PAU MUNG
ANGELA MASON	BRAYDON MCELROY	JOSEPH MILLS	JAMES MORROW	PAU MUNG
BEVERLEY MASON	NICHOLAS MCELROY	TYRELL MIMS	CASSIE MORTON	PAU MUNG
CHRISTINE MASON	CLAYTON MCFALL	MIN MIN	SYDNEY MORTON	PAU MUNG
JAMES MASON	DAKODA MCFARLAND	JERRIC MINOR	COLTON MOSELEY	PAU MUNG
SHERIDAN MASON	JEFFERY MCGEE	ERNESTO MIRAMONTES	ANNETTE MOSELEY	PETER MUNG
CRYSTAL MASTERS	RONNIE MCGEE	ALFREDA MITCHELL	MANX MOSES	PUM MUNG
MARCELINO MATA	RONNIE MCGEE	BRYCE MITCHELL	BERNARD MOSS	SUAN MUNG
SANDRA MATA	DARREN MCGINTY	DALLAS MITCHELL	CHRIS MOSS	SUAN MUNG
ZAMKHOZANG MATE	REIS MCGREW	MICHAEL MITCHELL	DESMOND MOSS	THANG MUNG
TONY MATHIAS	RICHI MCHENRY	PORSHA MITCHELL	TAMMY MOSS	THANG MUNG
ELVIN MATHIS	JASON MCINTIRE	ROBERT MITCHELL	PHILLIP MOSS, JR	THANG MUNG
NESER MATONWAAL	AIMEE MCINTOSH	JOSEPH MITCHELL	MICHAEL MOTA	THAWNG MUNG
DAICHI MATSUOKA	GLORIA MCKEE	JERRY MITCHELL	CLAYTON MOTE	TUAL MUNG
DAIGO MATSUOKA	LAMAR MCLEMORE	BRYAN MITCHELL	SAW EH MU	VUM MUNG
NICOLE MATTESON	MICHAEL MCMILLAN	DYLAN MITTAG	KAM MUAN	ZO MUNG

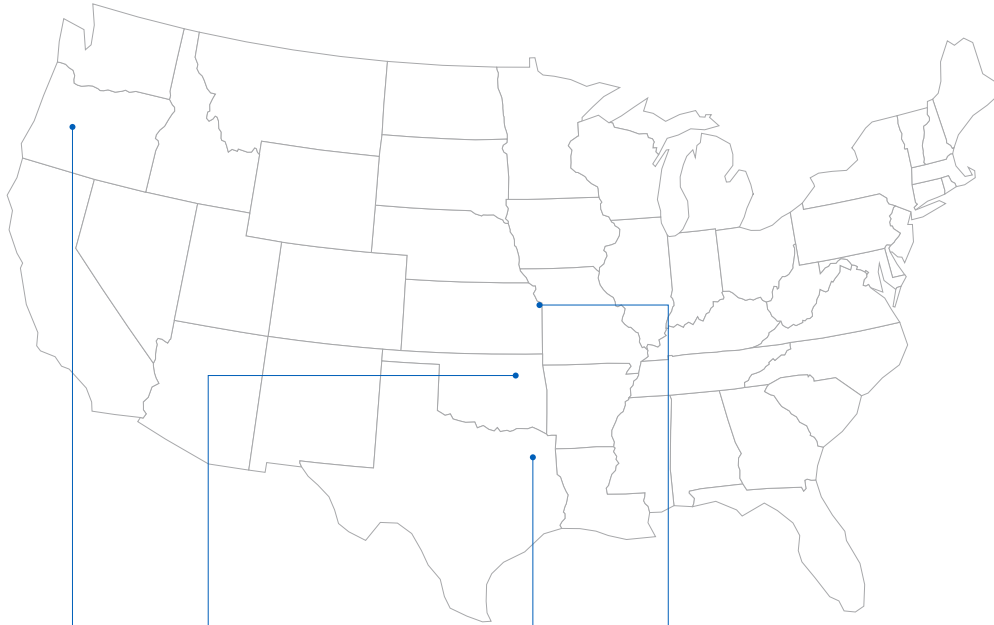
JESUS MUNOZ	ALVIN NGIRATEBL	CING NO	ALEXIS OLVERA	ANDRES PARTIDAS AGELVIS
AARON MUNTZ	EN NGO	CING NO	DIANE OMALLEY MYERS	ANNEL PARTIDAS PAZ
JEFFREY MURDOCK	NANG NGO	MAN NO	MAROOF OMAR	FASIHULLAH PASHTANA
BREANNA MURO	PAU NGO	NIANG NO	DAVID ON TUANG	LESLIE PASZTOR
GEORGE MURPHY	A VAN NGUYEN	THAWN NO	JAMES ONEILL, JR	JASON PATE
AUDIE MURRAY	BICH NGUYEN	JACOB NOE	PROVINA ONOPWI	THOMAS PATE
ERICA MURRAY	HUNG NGUYEN	CHRISTOPHER NOEAR	PAUL ONYENEHO	CALEB PATERIK
MATTHEW MUSGROVE	HUU NGUYEN	SAIFULLAH NOORISTANI	SAW OO	CHRISTOPHER PATERSON
MA MUSHRUSH	SAU NGUYEN	MARK NORDSTROM	TIN OO	KY PATRICK
JOHN MUTANDA	TAM NGUYEN	BRANDON NORDSTROM	WAI OO	AEVA PATRICK
PHILLIP MYER	THI NGUYEN	WILLIAM NORFLEET	AVERY OPPEGARD	PAUL PATTERSON
CAROLYN MYERS	TUONG NGUYEN	JATAVIAN NORRIS	ZEYAR ORAHMAN	JAELYNE PATTON
JUSTIN MYERS	VIET NGUYEN	DAVINA NORRIS	J DANIEL ORNELAS CARRILLO	CARL PATTON
TRECOL MYERS	LINDA NGUYEN MORGAN	SALYER NORTON	RACHEL ORONA	CEDRIC PATTON
YEE MYINT	LE NHU	AARON NOTARIANNI	LETICIA OROZCO	CIN PAU
KUNI MYO	CING NI	JERRY NOWEL	BULMARA OROZCO	CIN PAU
MASOOD NADEEM	LA JA NI MA	SAILER NOWELL	JOSE OROZCO	DAI PAU
JOHN NAIL	CIN NIANG	TUMAI NPAWT	ESMERELDA OROZCO	DAL PAU
MANHNWIN NAING	CING NIANG	NGIN NTEM	ESTEBAN ORTEGA	DAL PAU
SAW NAING	CING NIANG	KIM NU	RODRIGUEZ	DAL PAU
CRISTIAN NAJERA OLIVAN	CING NIANG	KIM NU	JOSE ORTIZ	DO PAU
PAU NANG	CING NIANG	SEN NU	JULIAN ORTIZ	EN PAU
PAU NANG	CING NIANG	CIIN NUAM	SAUL ORTIZ	KAI PAU
PAU NANG	CING NIANG	CING NUAM	PATRICK OSBORNE	KHEN PAU
THOMAS NANG	CING NIANG	CING NUAM	JACINTA OSOMAI	LANG PAU
TUN NANG	DIM NIANG	CING NUAM	LENA OSS	MUNG PAU
MYLESS NARRUHN	DIM NIANG	CING NUAM	CHRIS OSSIG	MUNG PAU
NOORY NARTIN	EN NIANG	CING NUAM	VERONICA OSTAPOWICH	NANG PAU
JAMES NASH	ESTHER NIANG	CING NUAM	WUILLIAN OSTOS	NANG PAU
AUSTIN NATION	ESTHER NIANG	HAU NUAM	JJ OTIS	NENG PAU
THANG NAULAK	GIN NIANG	LAWH NUAM	ABIGAIL OTT	NENG PAU
ZAM NAULAK	HAU NIANG	NING NUAM	JENNIFER OVERMEYER	PETER PAU
FRANCISCO NAVA	KAP NIANG	NING NUAM	MARCO OVIEDO	PUM PAU
JOSE NAVA	KHAN NIANG	THANG NUAM	KEVIN OWEN	THANG PAU
MARIA NAVA	KHEM NIANG	CING NUAMBOIH	DEKEVIAN OWENS	THAWNG PAU
MARIA NAVARRETE	LAM NIANG	RAHMAT NUMAN	JOHN OZBUN	TUAL PAU
MICHAEL NAVARRETE	LUN NIANG	DENISE NUNEZ	GO PAA	TUNG PAU
DARWIN NAVARRETE	NEM NIANG	EDUARDO NUNEZ MALPICA	MIGUEL PABON	ZAM PAU
JARED NAVARRO	NGO NIANG	NGIN NUNG	DAVID PACQUETTE	ZAM PAU
STHEFANY NAVARRO	NUAM NIANG	MICHAEL OBRIEN	HAKIM PAEE KHAN	ZOO PAU
BAWK NAW	PUM NIANG	THOMAS ODOM, II	AUSTIN PAINTER	SUAN PAUDOPMUL
KHAUNG NAW	TUAL NIANG	ALEXANDER OFOSU	LAUREN PALACIOS	LANGH PAUGUITE
LIAN NAWL	VUNG NIANG	TYLER OGDEN	GILBERTO PALACIOS	TERESA PAUL
SAID NAZARMOHMAD	VUNG NIANG	UDUIHAYE OGEDENGBE	CODY PALMER	CHRISTOPHER PAULI
BRANDI NEAL	VUNG NIANG	WYATT OGLE	TINA PALMER	DEMI PAULUS
CLAYTON NEAL	ANTHONY NICHOLAS	BRANDON OHARA	SIRVINCENT PARAMORE	RODNEY PAULUS
MARIA NEI THIEM	JACOB NICHOLS	BREE OHARO	ROBERT PARANG	SAW PAW
NIANG NEL	MITCHELL NICHOLS	KAI OJALA	LUCAS PARANTO	DEVEN PAWLOWSKI
TREVOR NELSON	TAKODA NICHOLS	YELITZA OJEDA RAMIREZ	JORDY PAREDES	JONATHAN PEARCE
JASON NELSON	JUSTIN NICHOLSON	TYESHA OLDEN	HEIDI PARK	DEANA PECK
ERIC NELSON	JAMES NICKERSON	ISMAEL OLIVARRIA OLIVAS	BILLY PARKER	CORY PEDERSEN
CING NEM	ABDULRAUFKHAN NICKMAL	ERICK OLIVAS VALERIO	GOLDIED PARKER	ANTHONY PEDONE
DIM NEM	NOUNG NIE	ANTWANETTE OLIVER	JAKE PARKER	DAMON PELUCHETTE
DEI NENG	TRAVIS NIEDERHOFER	DANIEL OLIVER	JAMES PARKER	JUAN PENA
HILLARY NERO	HALEY NIELSEN	STEPHEN OLIVER	KEYANNA PARKER	ARTHUR PENNINGTON
JOSHUA NETTEN	BRANDY NIETO	MELCHOR OLIVERA-ORTEGA	MICHAEL PARKER	BONNER PENNINGTON
SETH NETTEN	EMILY NIETO	ANTHONY OLIVERAS	ROBERT PARKER	SHAMATA PENTECOST
ANDRES NEWMAN	TARREN NIETO	JAMES OLSEN	SARAH PARMELEE	QUNICY PEOPLES
ICSHA NEWSOME	THANG NING	ERIC OLSON	BRENDA PARRA	ABEL PERALTA
NUAM NGIN	ZAM NING	KEITH OLSON	HARRY PARRISH	ROSALINA PERDOMO
ZAM NGIN	ATINIAR NISIUO	KEVIN OLSON	FRAY PARTIDAS	PERDOMO

JOSEPH PERDUE	GOH PIANG	KHAI PU	JESSICA RANGEL	ALEXANDER RIOS
BLAZE PEREZ	KHUP PIANG	KHAM PU	MIRIAN RANGEL	MARTHA RIOS DE PAZ
CARLOS PEREZ	KHUP PIANG	LIAN PU	JOHNATHAN RASH	DINA RISING
DARWIN PEREZ	LIAN PIANG	MANG PU	SEEDAK RASOOLUDEEN	CORY RISINGER
DIANA PEREZ	SUAN PIANG	MANG PU	ROBERT RATLIFF	HILLARY RITE
JESUS PEREZ	THANG PIANG	MUANG PU	TOMMY RATLIFF	VILMA RIVAS SANCHEZ
JOE PEREZ	VAN PIANG	SING PU	RYAN RAUSCH	DAVID RIVERA
LEYBIS PEREZ	CHRISTOPHER PICKENS	TUANG PU	JOHN RAVELLI	LUIS RIVERA
SERGIO PEREZ	DEVOTRICK PICKRON	CALEB PUDDEN	PERSON RAYMOND	RAMON RIVERA
TULIO PEREZ	WILLIAM PIDGE	ALMA PUGA	ANTHONY RAYMOND	SIGFREDO RIVERA
VICTOR PEREZ	HILARIO PIEDRA	JERRY PUGH JR	CURTIS RAYON	MELISSA RIVERA CRUZ
MARCO PEREZ	ANDREW PIETROMONACO	THANG PUI	THOMAS READ	TERRI ROBBINS
ANDREA PEREZ	CIN PII	ALEJANDRA PULIDO	JOHN REASOR	ROMERO ROBERTS
PERLA PEREZ ARIAS	JOHN PIKE	KAM PUM	FLOR REBOLLAR	APRIL ROBERTSON
CHRISTIAN PEREZ	DAMIAN PINEDA	JACOB PURINTON	DAVID RECCA	BRANDON ROBERTSON
GUTIERREZ	MIGLANIA PIRONA	JEFFREY PURKERSON	ELIZABETH RECORD	TRAVASIL ROBERTSON
LUIS PEREZ MEJIA	GONZALEZ	COREY PURVIS	IVY RECORD	CHAD ROBINSON
PEDRO PEREZ PAEZ	HAROLD PITTS, II	JOHN QUANG	SHAGLENDIA REDDIX	DEARLD ROBINSON
GLENDA MARISOL PEREZ	CANDY PITTSER	CANDELARIA QUICK	MICHAEL REED	ROSHANDA ROBINSON
ROMERO	YOANA PLASCENIA	BRENDA QUINTANILLA	JOHN GREGORY REED-BASK	CURTIS ROBINSON
FRANCISCO PEREZ SANCHEZ	EMILIA PLATA VASQUEZ	GARCIA	CLINTON REESE	EDDIE ROBINSON
JOHN PERRY	AMBER PLOIUM	WASEL QURAISHI	CHARLES REESE	BYRON ROBINSON
MILES PERRY	EVAN PLUMLEE	JAMES RABURN	WENDY REEVES	DAVID ROBINSON, JR
RILEY PERRY	ELISHA PLUMMER	NATHANIEL RABURN	STEPAN REGUS	JEREMIAH ROBISON
MATTHEW PESCHONG	MICHEAL PLUMMER	FATIMA RACHU	ETHAN REICHERT	MATTHEW ROBLES
TAINELYNN PETER	RANDALL PLUSH	FLARA RACHU	JOHN REID	ABRAHAM ROBLES
TAIPO PETER	JASON POBLETE	JOHNATAN RACHU	RAMIRO REINA	CIRILO ROBLES AMBRIZ
AUSTIN PETERS	KEVIN POBUDA	MARIA RACHU	CORY REITER	ROBERT ROBNETT
ROBERT PETERSON	SUSANNE POINDEXTER	VINA RACHU	RENCHENINA RENCHY	BRAD RODRIGUES
JEFFREY PETERSON	BASANT POKHREL	VINCENT RACHU	MICHAEL RENIGAR	ALYSSA RODRIGUEZ
TIMMY PETERSON	RENU POKHREL	EVA RAGLAND	JAKOB RESSLER	DANIEL RODRIGUEZ
HUNTER PETERSON	GEORJANNA POKORNEY	RETSIAN RAIN	ARIN RETAN	DAVIANA RODRIGUEZ
BRITANY PETERSON	ANIK POKUKU	PATTI RAINS	TRAVIS REVELL	EULALIO RODRIGUEZ
DANIEL PEURIFOY	JANICE POLK	LANDON RAKE	CLARA REYES	HECTOR RODRIGUEZ
HUY PHAM	AUBREY POLK	BRANDON RALPH	LA REYES	JESUS RODRIGUEZ
LINH PHAM	AKEEM POLLARD	DEE RAM	PABLO REYES	MARIA RODRIGUEZ
QUOC PHAM	MILTON POLLOCK	BRIAN RAMBO	JOSELIN REYES	MARTINA RODRIGUEZ
PHUOC PHAN	TAYLOR POMAVILLE	SUSAN RAMBO	ANA REYES	NELSON RODRIGUEZ
NAW PHAW	BRANDON POMEROY	ALICIA RAMIREZ	AGUSTIN REYES, JR	OSWALDO RODRIGUEZ
LIANKHAN PHAWNG	MARK POOL	EVA RAMIREZ	STACIE REYNA SALAS	RAUL RODRIGUEZ
SANTINO PHILLIP	KENNETH POORE	MARTINELLY RAMIREZ	JOSHUA REYNOLDS	RICARDO RODRIGUEZ
NATHANIEL PHILLIPS	RODNEY POPE	EDGAR RAMIREZ	JAVIER REYNOSO	MARIA RODRIGUEZ
TRAVIS PHILLIPS	JAMES PORTER	ANGEL RAMIREZ	GUSTAVO REYNOSO	NATHAN RODRIGUEZ
TROY PHILLIPS	CHRISTOPHER PORTER	RIGOBERTO RAMIREZ	JAVIER REYNOSO URIETA	JOSEFINA RODRIGUEZ
HNIN PWINT PHYU	ELVIA PORTILLO	ENRIQUE RAMIREZ MORALES	DANIEL RHOADES	PABLO RODRIGUEZ
CIN PI	ASHLEY POWELL	PATRICIA RAMIREZ NAVARR	EFFIE RHODES	EMILIANO RODRIGUEZ
HAU PI	DEMYKLE POWELL	DIEGO RAMIREZ RAMIREZ	JEFFREY RHODES	BALDOMERO RODRIGUEZ
HAU PI	RUDY POWELL	MANUELA RAMIREZ	RIEROSE RICHARD	ESTEPFANI RODRIGUEZ
HELEN PI	CHARLES POWELL	SOBERANIS	JONATHAN RICHARDS	LOPEZ
MANG PI	MICHAEL POYNTER	WALTER RAMOS	HOBERT RICHARDSON	ALESHA ROESCHKE
MUAN PI	NATHAN PRADMORE	GERMAN RAMOS ALONSO	ANITRA RICHARDSON	BRIAN ROGERS
NIANG PI	JOSE PRADO	FRANCISCO RAMOS-	GILDA RICHARDSON	DON ROGERS
PETER PI	KENNETH PRENTICE, JR	RODRIGUEZ	ROBERT RICHEY	DYLAN ROGERS
SB PI	DANIEL PRESSLER, JR	MARCUS RAMSEY	BRIAN RICKETT, JR	TONY ROGERS
SING PI	ANGELICA PRICE	HEIDI RAMZEL	ANYLA RICO	M SALIM ROHANI
THOMAS PI	LEON PRICE	KARLY RANCK	RANDALL RIDENOUR	NANG ROI
TUANG PI	MICHAEL PRICE	CAMERON RAND	ANGELA RIDEOUT	IVAN ROJAS
MANG PIAN	SHANE PROBST	COURTNEY RANDALL	COREY RIDER	JOSE ROJAS
DAL PIANG	ERIN PROCHAZKA	JEFFREY RANDALL	KASSANDRA RILEY	LIDIA ROJAS
DO PIANG	STEPHEN PRUITT	COREY RANDALL	SARA RILEY	NELSON ROJAS
GIN PIANG	CIN PU	TIMOTHY RANEY	ISAAC RINKE	ROSA ROJAS

GABRIEL ROJAS DAVILA	MIGUEL SALDIVAR	ISAAC SCHLENBECKER	ATHENA SHONE	BRANDY SNIDER
WESLEY ROLLINGS	VICTOR SALDIVAR	JACOB SCHMUCKER	RAYMOND SHUNOWSKI, JR	STEPHEN SNIDER
DANIEL ROMERO	JOSE SALDIVAR OROPEZA	DAVID SCHNEIDER	MAW SI	BRANDY SNIDER
PAULINA ROMERO	DAVID SALEGO	CONNOR SCHOENE	CING SIAM	ROGER SNOW
CYNTHIA ROMINE	NAEL SALEM	AUSTIN SCHROEDER	NAA SIAM	JOSHUA SNOW
TONY RONGEY	DIANA SALINAS	STEVEN SCHWAB	ZAM SIAM	KEVIN SOAP
MAKINTA ROOSEVELT	CARSON SALSBURY	DUSTIN SCHWANKE	CIIN SIAN	ANTONIO SOARES
ROYCE ROPER	KENNEDY SALYERS	MARK SCOFIELD	ON SIAN	BADDY SOCHIRO
OSCAR ROSA	IM SAMMY	JERRY SCOTT	PAU SIAN	YENNIS SOLANO
JOSE ROSALES	IOMITA SAMMY	SHAUTE SCOTT	RANA SIDDHARTH	JOSE SOLARES
MAURICIO ROSAS SANCHEZ	MARLEEN SAMMY	THOMAS SCOTT	N NES SIECH	NEMISIA SOLIS
CORTNEY ROSE	ESTHER SAN	KYVEN SCOTT	ANA SIGALA	VERONICA SOLIS
REAGAN ROSELL	JOHNY SANABRIA	JORDAN SCOTT	CINDIA SILLEM	ANGEL SOLIS
STEPHANIE ROSELL	ROBERTO SANABRIA	RONA SEAGO	LONNIE SILVA	KELLY SONGER
ROBERT ROSENCUTTER	ADRIAN SANCHEZ	DAVID SEAMAN	ROBERTO SILVA RUVALCABA	BRADLEY SOOTER
MORNIS ROTENIS	BEATRIZ SANCHEZ	SOVATNITA SEAMAN	MONTIE SILVEY	ORACIO SORIA
FILOMINA ROUND	CRISTAL SANCHEZ	RYAN SEHELSKI	MARK SIMILA	AISON SORYZ
FINIKSIANO ROUND	ISELA SANCHEZ	CATHY SECHRIST	BLAINE SIMMONS	BENDY SOTEN
LANDYMENTA ROUND	JOYCE SANCHEZ	JAVIER SEDANO	TYREC SIMMONS	BENSON SOTEN
MICHELLE ROUSSEAU	MAYRA SANCHEZ	JACOB SEDLAR	WILLIAM SIMMS	MARIELA SOTO DE DIAZ
ERIC ROUTT	ZADY SANCHEZ	JOSEPH SEDLAR	WILLIAM SIMONTON	CLENT SOUTHERLAND, II
CARLOS RUIZ	JERSON SANCHEZ	ALONDRA SEGOVIANO	DWAYNE SIMPSON	CARRIE SOUTHERN
LILIANA RUIZ	ALEXANDER SANCHEZ	HOU SEI	ANTHONY SING	KEVIN SOUVANNASING
MA RUIZ ORTEGA	JEREMY SANCHEZ	THONG SEI	DAL SING	DENNEY SOWDER
TERENCE RUSHING	MAURY SANCHEZ	THONGKU SEI	DAL SING	TERRY SOWEKA
BRIANA RUSSELL	FILIBERTO SANCHEZ	JOHN SEIBERT	DAL SING	JOHN SPAIN III
DERICK RUSSELL	ANDREINA SANCHEZ BOLIVAR	ALEXA SEIDEL	DO SING	KYLE SPANSEL
KARISSA RUSSELL	ANTONIO SANCHEZ-GIRON	MARCUS SEIP	HAU SING	SIERRA SPARKS
RICHARD RUTHERFORD	JACOB SANDERS	JAMIE SELF	PAU SING	DALE SPENCER
MARK RUTTAN	MARCUS SANDOVAL	KAYUN SENG	THANG SING	JAMES SPENCER
LISA RYAN	SHANNON SANDRIDGE	ROI SENG	THAWN SING	COLBY SPENCER
SLAVIC RYCHKO	VASILE SANDUTA	ANNETTE SERNA	BRANDON SINGENES	JAMESON SPIRES
SA SAAN	VIORICA SANDUTA	LENNYN SERRANO	BRYAN SINOR	JOHN SPOONER
TRISA SACK	TRAVES SANDY	HENRY SEYLER	ADRIANA SIPES	CECIL SPRY
MOHAMMAD SARWAR SADAR	CIN SANG	ADAM SHADER	SARAH SIPIA	JORDAN SPURGEON
ABDUL W SADAT	LIAN SANG	JACOB SHAFER	CHRISTOPHER SISSON	COURTNEY STACEY
ASADULLAH SADIQ	PAU SANG	AMIR HUSSEIN BIN SHAFIE	AUDREY SISSON	BARBARA STAGGERS
LINDSEY SADLER	PAU SANG	AUSTIN SHAHAN	MICHAEL SITTERLY	SEVERINO STAGNOLI
ABDUL SAEEDA	TUAN SANG	RODNEY SHAHAN	LEE SKAGGS	ROBERT STAMPS
ABDUL SAYEED SAEEDA	RAIS SANGHEEN	AHMADULLA SHAHISTA	KATELAND SLATER	MARCUS STANDBERRY
KARINA SAENZ ACOSTA	KAYTLYNN SANGER	ROBERT SHANDS	IAN SLATTERY	LAWANA STANE
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