



2021 Annual Report



# SUSTAINABLE **INNOVATION**

Bringing Sustainable Innovation **From Niche To Mainstream**

Today, every company in the HVAC industry is talking about **Sustainable Innovation**.

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Not every company has been doing it for decades like AAON.



## From Niche To Mainstream

**T**he history of AAON extends back 34 years when our founder Norm Asbjornson decided to create a business that designs and produces semi-customized HVAC equipment that excelled in performance relative to the market. Cutting edge innovation and engineering were the primary focus since day one. This foundation supported the company's growth in its early days and is just as important today.

Over the last several decades, AAON has led the nonresidential HVAC equipment market in quality, customization, innovation, performance, energy efficiency, lower cost of ownership and reliability. Today, we describe this as sustainable innovation. Historically, sustainable innovation came at an upfront cost premium. Although we have always designed our equipment so that the cost over the course of the life span of the equipment was very competitive, the premium upfront cost of the equipment kept us from being mainstream. For that reason, we have been a niche provider until now.

Secular trends related to decarbonization and indoor air quality are leading to a shift in demand from standard equipment to more capable, higher sophisticated equipment that is more energy efficient while providing cleaner air quality. Simply put, demand is shifting towards the sustainable innovation that AAON has been providing for decades. Sustainable innovation will still come with an upfront premium price. However, AAON's years of experience creating the most efficient automated production operations that manufacture sustainable equipment positions the company with a big advantage. We believe this transformation in the market will lead to AAON providing the highest quality equipment for the most attractive price, which will allow the company to evolve from niche to mainstream.



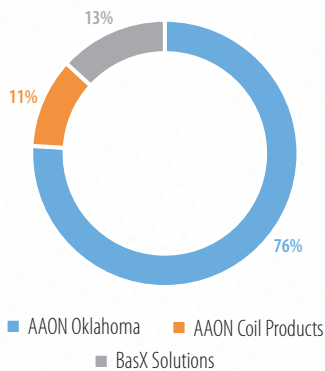
# About AAON

AAON is engaged in the engineering, manufacturing, marketing and sale of air conditioning and heating equipment consisting of standard, semi-custom and custom rooftop units, chillers, packaged outdoor mechanical rooms, air handling units, condensing units, makeup air units, energy recovery units, geothermal/water-source heat pumps, coils and controls. Since the founding of AAON in 1987, AAON has maintained a commitment to design, develop, manufacture and deliver innovative heating and cooling products to perform beyond all expectations and demonstrate the value of AAON to our customers.

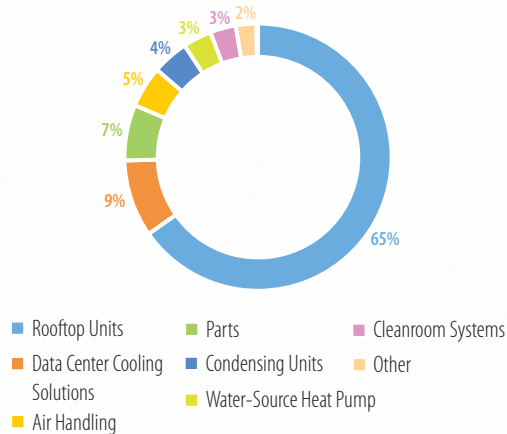
## 2021 Pro Forma Net Sales Breakdown

(Unaudited)

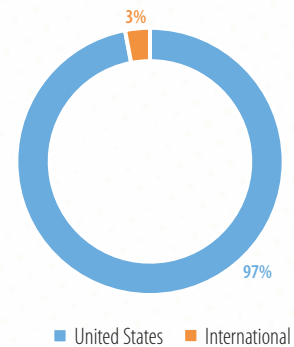
Pro Forma Net Sales by Segment



Pro Forma Net Sales by Product



Pro Forma Net Sales by Geography



\*The operations of BasX have been included in our statements of income since the closing date on December 10, 2021. The above unaudited pro forma breakdown of net sales for the years ended December 31, 2021 are presented as if the combination had been made on January 1, 2021.



# Environmentally Friendly HVAC Product Family

## Outdoor Air Handling Units

(800 - 72,000 + cfm)



RQ Series



RN Series



RZ Series, Pinnacle

## Condensing Units

(2-70 tons)



CB Series



CF Series

## Chillers

(4-55 tons)



LF Series

## Self-Contained Units

(3-70 tons)



SB Series



SA Series



M2 Series

## Water-Source Heat Pumps

(1/2 - 230 tons)



WH Series & WV Series,  
ProFit & EcoFit



RQ Series



RN Series



SA Series



SB Series



RZ Series, Pinnacle



M2 Series



## Indoor Air Handling Units

(800 - 50,000 + cfm)



F1 Series



H3 Series



V3 Series



SA Series



M2 Series

## BasX Solutions



Custom Air Handling Units



Data Center Cooling Systems



Modular Cleanrooms

## Packaged Rooftop Units

(2-240 tons)



RQ Series



RN Series



RZ Series, Pinnacle

## Controls

(WSHP, RTU, SELF-CONTAINED,  
SPLIT SYSTEM, & CHILLER)



VCCX-2



Pioneer Gold



Pioneer Silver

# Longview Expansion Grand Opening Ceremony



*“The expansion nearly doubled capacity to 487,000 sq. ft. We expect this new capacity will help accelerate volume, reduce production times and improve overall efficiency.”*





# Financial Highlights

	2021	2020	2019	2018	2017
<b>Income Data</b> (\$000 except per share data)					
Net Sales	534,517	514,551	469,333	433,947	405,232
Gross Profit	137,830	155,849	119,425	103,533	123,651
Operating Income	69,253	101,836	67,011	55,351	74,235
Interest Income (Expense), Net	(132)	88	66	196	298
Depreciation and Amortization	30,343	25,634	22,766	17,655	15,007
Pre-Tax Income	69,182	101,975	67,031	55,500	74,624
Net Income	58,758	79,009	53,711	42,329	53,830
Earnings per Share					
Basic	1.12	1.51	1.03	0.81	1.02
Diluted	1.09	1.49	1.02	0.80	1.01
<b>Balance Sheet</b> (\$000 except per share data)					
Working Capital	131,312	161,218	131,521	93,167	104,002
Current Assets	218,080	220,251	187,549	140,658	153,537
Net Fixed Assets	258,062	223,340	178,094	163,003	142,375
Accumulated Depreciation	224,146	203,125	179,242	166,880	149,963
Cash and Cash Equivalents	2,859	79,025	26,797	1,994	21,457
Total Assets	650,180	449,008	371,424	307,994	296,590
Current Liabilities	86,768	59,033	56,028	47,491	49,535
Long-Term Debt	46,406	6,363	6,320	-	-
Stockholders' Equity	466,170	350,865	290,140	249,443	238,925
Stockholders' Equity per Diluted Share	8.68	6.61	5.51	4.74	4.50
<b>Funds Flow Data</b> (\$000)					
Operations	61,183	128,814	97,925	54,856	57,994
Investments	(158,719)	(61,273)	(37,046)	(34,635)	(31,052)
Financing	18,735	(29,626)	(18,500)	(39,684)	(29,638)
Net Increase (Decrease) in Cash	(78,801)	37,915	42,379	(19,463)	(2,696)
<b>Ratio Analysis</b>					
Gross Profit	25.8%	30.3%	25.4%	23.9%	30.5%
Return on Average Equity	14.4%	24.7%	19.9%	17.3%	24.1%
Return on Average Assets	10.7%	19.3%	15.8%	14.0%	19.5%
Pre-Tax Income on Sales	12.9%	19.8%	14.3%	12.8%	18.4%
Net Income on Sales	11.0%	15.4%	11.4%	9.8%	13.3%
Total Liabilities to Equity	39.5%	28.0%	28.0%	23.5%	24.1%
Quick Ratio <sup>1</sup>	1.0	2.3	2.0	1.3	1.7
Current Ratio	2.5	3.7	3.3	3.0	3.1
Year-End Price Earnings Ratio	72.9	44.7	48.4	43.8	36.3

<sup>1</sup> = (Cash & cash equivalents + investments + receivables)/current liabilities



**Gary Fields**  
President & CEO



## Letter from the President

### Dear Fellow Stockholder,

The year 2021 was a year of two tales for AAON. The Company had several milestone-like achievements that were significant for the future growth of the Company. At the same time, performance was lackluster due to several macro factors that challenged the operations. The year was one of, if not the most, challenging years our industry has faced in 30-plus years. Inflation was rampant amongst most of our input costs, the labor market was tight for much of the year and supply chain issues created a lot of operational inefficiencies. All while managing through the pandemic-related issues. On the other hand, we posted another year of record sales, our backlog grew 249.6%, we closed on the Company's first acquisition of substantial size in 20 years, and we hosted one of the most impactful meetings with our sales channel in Company history. In our view, while the earnings performance was underwhelming, we managed through the headwinds well and achieved a lot, positioning us well for the long-term. In our view, the fundamentals of the Company are strong and the outlook is better than ever.



## Financial Performance

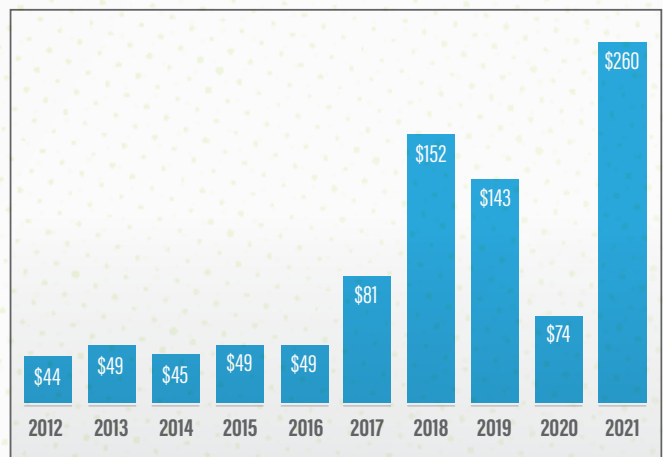
In 2021, AAON's net sales grew 3.9% to \$534.5 million. While this was the 11th straight year of record sales for the company, price increases drove all of the growth. Volumes were down 2% and the BasX Solutions acquisition, which closed on December 10th, contributed about 1%. Gross profit margin contracted to 25.8%, from 30.3% in 2020, which led to a contraction in earnings. The factors that weighed on margins were mainly related to inflation and supply chain constraints. We experienced a significant rise in nearly all of our input costs, including raw materials, components, wages, freight and insurance. While we were disciplined managing the price of our equipment as demonstrated through the three price increases we implemented throughout the year, timing to the plant floor made it challenging to get ahead of the higher costs. Furthermore, supply chain issues exacerbated the adverse effects of inflation as they led to production constraints, which slowed the turnover of our backlog.

Lower production rates also caused a significant amount of operational inefficiencies and led to unabsorbed fixed costs. All in, these two factors pressured our margins as we progressed through the year. The positive is we do not believe any of these factors have caused a permanent structural change to our business. We expect our margins will fully recover as supply chain issues ease and our production rates recover. Supply chain challenges have forced us to significantly increase the number of multi-sourced components. Maneuvering through challenges like we experienced in 2021 leads to a stronger operation and a more capable management team—provided you have the right people. We are confident we have the right people managing the Company, therefore we are certain to emerge a stronger company. We are now better prepared to resume our growth strategy more effectively in the future.

## Record Backlog

At the end of 2021, total backlog finished up 249.6% to a record \$260.2 million. Excluding BasX Solutions, organic backlog was up 200.7% to \$223.8 million, also a record. Organic bookings in the year grew 55%, making 2021 one of the best years in our Company's history. These growth rates well outpaced the industry, implying we are gaining market share. This reassures us that our strategy is effective. We measure our total addressable market as being \$30 billion in size, which is approximately 50 times the size of our Company. Thus, we think the strategy that drove the backlog in 2021 will continue to lead to robust growth in the future.

Backlog (in \$ millions)



## Winning Growth Strategy

AAON's growth strategy is built on one core foundation, supported by five major pillars. The core foundation, which extends back to when the company was created 34 years ago, is based on designing and manufacturing customized HVAC equipment that is premier in quality, performance and energy efficiency. AAON has always primarily focused on designing and building HVAC equipment that was best-in-class. Now, with the market demanding higher quality equipment due to decarbonization and indoor air quality trends,, we are positioned to transition from being a niche player to a mainstream player in the nonresidential HVAC market.

This foundation is supported by five pillars. The first pillar is innovation. Historically, AAON has led the industry in innovation. In 2021, we introduced several new products that we believe are game changers, including air-sourced heat pump rooftop units that are operable down to zero degree Fahrenheit, the first equipment of its kind on the market with such capabilities. We currently have a full pipeline of new product development and we will continue to make this a top priority in our growth strategy. The second pillar is related to lower cost of ownership. AAON's equipment is engineered to have the longest useful life span that is operable at the highest energy efficiency and is the easiest to service and maintain. Third, we continuously focus on operational productivity. To build highly customized, high-quality equipment with premium materials and components for a competitive price, we must operate at higher levels of productivity than our peers. To do so, we utilize a lot of technology and automation in our operations. Going forward, we will continue to focus and invest in ways to improve our operational productivity. The fourth pillar is associated with strengthening our sales channel. Over the last several years, we have made it much more of a priority to support our channel partners through providing useful marketing tools, blueprints to success, HVAC education and various other ways of support. Finally, the fifth pillar is related to parts and service. This is another area that we have focused a lot more on compared to five years ago. Through investing in a talented parts sales team, we grew our parts sales 26.3% in 2021 to a record \$41.1 million, which made up a record 7.7% of net sales. AAON does not directly manage services for its end-users, but we think it is important we make sure our customers are in good hands in the field. By working with our channel partners, we are ensuring our customers have available technicians with expertise of AAON equipment to service their equipment when needed.

Overall, we believe we have constructed a sound growth strategy that positions us to take market share and grow sales organically in the double digits for the next several years.

## AAON's National Sales Event

In October 2021, AAON invested approximately \$1 million to host a national sales meeting with its entire network of sales channel partners. The event, which was the first of its kind since 2017, was an opportunity to connect with all of its reps in one room to communicate the Company's long-term vision to ensure all understand what we expect of them and that all know they are greatly appreciated and are integral to our company's success. It was also an opportunity to share what we are doing to support their businesses more, display new marketing tools we are investing in to help their success, introduce several new products and showcase our new manufacturing facility in Longview, Texas. One strategy we have implemented since my arrival to AAON five-plus years ago is working closer with our channel partners and investing more in ways to support them more. Historically, AAON's approach to ensuring success of their channel partners was building great products. However, we have learned we can do more to help improve their market penetration.

**Sales & Marketing.** For most of AAON's history, the Company did not focus a lot of capital on marketing. Most of the company's success was associated with the engineering and quality of its products. With a well-rounded portfolio of premium products and a total addressable market that is 50 times the size of our Company, we think investing in marketing and ways to support our sales channel will accelerate our market penetration. One way we demonstrated this new investment was by introducing a new state of the art showroom trailer at the national sales meeting in October. This showroom trailer is a class 8 truck with a 53-foot trailer that expands to a 1,000 sq. ft. showroom when parked. The showroom showcases AAON equipment, displays AAON controls and has interactive technology to help customers understand our full product portfolio. In addition to the showroom trailer, we are sharing the best practices that our most successful channel partners use with the rest of our channel partners. Being at our centralized position, we have a good sense on what these best practices are and are making it more of a focus to communicate



AAON Mobile Experience Marketing Trailer

*"This showroom trailer is a class 8 truck with a 53-foot trailer that expands to a 1,000 sq. ft. showroom when parked."*

what everyone should be doing to maximize success. Another example in how we are supporting of channel partners is we are providing educational classes for our reps. Having a more educated sales channel of our highly sophisticated, customized equipment that is used for thousands of different applications will help improve market penetration. Finally, we are in the midst of hiring a new Director of Marketing. This new hire will help catapult our marketing efforts even further over the next several years.

**New Products.** AAON introduced several new game-changing products at the October event. First, we introduced our next generation water-source heat pump called the ProFit. The ProFit is designed to be a “drop-in” replacement for most existing water-source heat pumps. Our original generation, which we call the EcoFit, is an advanced design and is very attractive for the new construction market. However, the design differed from many of the existing units in the field, making it incompatible for a “drop-in” replacement application.

As such, since introducing the EcoFit in 2015, we have mainly competed in the new construction market, which makes up only about 25% of the entire \$500 million water-source heat pump market. Now with the ProFit, we can target the entire market, and as a result we expect growth will accelerate. Our water-source heat pump sales, which made up \$41 million in 2021, have grown at a four-year CAGR of 27%. Another product announcement we made was the redesign of our air-sourced heat pump fueled rooftop units with operable capabilities down to zero degree Fahrenheit, making us the first company in the market to perfect such capabilities. To date, most air-sourced heat pump fueled equipment on the market was operable only down to about 30 degrees Fahrenheit, excluding a large percentage of the North America market. Heat pump technology is attractive though due to it being fully electric and its high energy efficiency. We think this product introduction is a game changer. In 2021, we introduced this air-source heat pump technology in our rooftop units of two to 10 tons of capacity. By the end of 2022, we expect our

entire rooftop product line will be offered with this technology. The third notable product we introduced was our next generation RN D-Box rooftop unit, which is our rooftop series with capacity in the range of 26 to 70 tons. Historically, this is one of our core rooftop products, making up 22%-23% of net sales in 2020-2021. This next generation D-Box incorporates two refrigeration systems instead of four, comes with higher capacity, and is designed to be built with the highest performing compressor technology and reheat configuration available on the market. All in, this new product comes with an average IEER that is 38% higher than the previous generation, making it the most efficient unit of its capacity on the market.

### Investing in Growth

For decades, we have worked diligently to earn a reputation as one of the most technologically innovative manufacturers of the highest quality and best performing products in the nonresidential HVAC industry. To accomplish this and maintain our leadership, it requires consistent reinvestment in the Company. As such, we make it a priority to continue to focus on capital investments that help us grow strategically and research and development to maintain leadership in innovation.

**Capital Investments.** In 2021, capital expenditures totaled \$55.4 million, or 10.4% of net sales. At the beginning of the year, we planned to spend over \$70 million, but factors such as supply chain constraints forced us to push some of the originally planned investments into 2022. Nevertheless, we were able to complete our expanded footprint at our Longview, Texas facility in 2021. This facility, which generated



RN Series D Cabinet



ProFit Water-Source Heat Pumps



EcoFit Water-Source Heat Pumps

approximately 12.5% of net sales in 2021, manufactures our air handling and condensing units, as well as our in-house manufactured coils. Prior to 2021, the location consisted of a 263,000 sq. ft. building. The expansion nearly doubled capacity to 487,000 sq. ft. We expect this new capacity will help accelerate volume, reduce production times and improve overall efficiency. Sales at Longview grew organically 19.8% in 2021 and it would have been better if it was not for supply chain constraints. This achievement would not have been possible without this expansion. We anticipate this new capacity will facilitate robust growth for the next several years. Backlog at Longview at the end of 2021 was up 165.5% from a year ago.

The other part our annual capital investment was associated with expanding production capacity at our primary Tulsa, Oklahoma facility and upgrading company IT systems. To absorb the growth we have seen in our backlog, we must continue to build capacity and the necessary IT infrastructure. This planning includes the recently acquired BasX Solutions, which is growing even quicker than the legacy AAON business. Therefore, we will continue with an aggressive capital investment spending plan. In 2022, we forecast a total capital expenditure budget of \$100.4 million.

**Research & Development.** Innovation is the foundation that AAON was built on and that is the same foundation the company sits on still today. We pride ourselves on leading the commercial HVAC market in revolutionary innovative HVAC equipment. As such, we make a concerted effort to aggressively invest in research & development to help maintain this leadership. In 2021, AAON invested \$16.6 million in research and development. As a percent of sales, this investment was 3.1%, which compares to some of our larger peers spending on average 2.1% of their equipment sales. A lot of our investment in 2021 went towards the new products we introduced at our national sales meeting in October. In addition, we will be introducing more air-sourced heat pump fueled rooftop units in 2022, of which some of our 2021 R&D budget went towards. We also have a healthy pipeline of other projects that we focused on in 2021, including early research on incorporating new low global warming potential refrigerants into the designs of our equipment to adhere to upcoming AHRI requirements.

Our Norman Asbjornson Innovation Center (“NAIC”) research and development laboratory facility that opened in 2019 continues to significantly enhance our R&D capabilities for new products. This is a 65-foot tall 134,000 sq. ft. state-of-the-art facility with many unique capabilities, which to our knowledge exists nowhere else in the world. The facility enables AAON to lead the industry in the development of the most technologically advanced, most energy efficient HVAC equipment for nonresidential buildings. Furthermore, it allows us to more efficiently and effectively meet and maintain AHRI (Air-Conditioning Heating and Refrigeration Institute) and Department of Energy certifications. Lastly, the NAIC is a valuable marketing asset as it allows us to give our customers the ability to view products performance and testing.



Norman Asbjornson Innovation Center



BasX Solutions Office

## BasX Solutions Acquisition

On December 10, 2021, AAON closed on the acquisition of BasX Solutions, making it AAON's first acquisition of substantial size in 20 years. Headquartered in Redmond, Oregon, BasX Solutions is an industry leader in the manufacturing of high performance data center cooling solutions, cleanroom systems, custom HVAC systems and modular solutions. BasX's products are highly engineered and customized for critical applications where the cost of failure can be significant. Most attractively, BasX supplies equipment to sectors that are growing substantially, including data centers driven by a build-out of cloud-based infrastructure and cleanrooms used in the semiconductor, pharmaceutical, medical and indoor agriculture sectors. Another reason we found this acquisition to be so attractive was related to revenue synergies. In fact, revenue synergies have already begun to transpire just three months into ownership of the business. Together with the end-market demand and the revenue synergies, we think BasX can grow sales at a CAGR of at least 15% over the next several years. In 2021, BasX generated pro forma net sales of \$81 million. We also foresee cost synergies related to material/component procurement, productivity improvements and vertical integration opportunities. Together with volume growth and these cost synergies, we expect the business will be able to expand EBITDA margins from mid-teens to 20%-plus, in line with AAON's legacy business. All in, we anticipate BasX will accelerate AAON's organic sales and earnings growth, making the acquisition a compelling return on investment for AAON shareholders.



Custom Air Handling Units



Modular Clean Rooms



Data Center Cooling Systems

## Sustainability

At AAON, we strive to conduct our business in a socially responsible and ethical manner with a focus on environmental stewardship, diversity and inclusion, team member safety and community engagement. We comply with industry regulations and requirements while pursuing responsible economic growth and profitability. We also have begun reporting our sustainability status and goals in a much more extensive way. In 2021, we published our 2020 Sustainability ESG Report, which was the most thorough annual sustainability report we published to date. This report included historical scope one and two emissions, diversity and inclusion statistics, sustainability targets, as well as other information.

AAON is a leading designer and manufacturer of the most energy efficient HVAC products in the nonresidential HVAC market, which is vital to the environment since approximately 40% of energy consumed by commercial buildings in the U.S. is associated with heating, ventilation and air-conditioning. Our innovative designs substantially help our customers reduce their carbon footprint while reducing their cost of building management and maintenance. Many of the HVAC units we produce are uniquely designed with two-stage compressors and high efficiency evaporator and condenser coils and variable speed fans, leading to an AHRI Certified performance of up to 19.15 SEER and 20.2 IEER, compared to the industry ASHRAE 90.1 minimum requirement of 12-14 SEER/IEER. Moreover, in 2021, the company introduced fully electric air-sourced heat pump powered rooftop units with operable capabilities down to zero degree Fahrenheit, making us the first company in the market to perfect such capabilities. In our 2020 Sustainability ESG Report, we stated we are targeting our total electric-powered equipment as a percent of sales will rise to 80% by 2030, from approximately 20% in 2020.

AAON also has an ongoing focus to reduce its own operational carbon footprint. In the last couple years, we invested in new overhead doors and a new HVAC system, replaced Metal Halide lighting with LED lighting, set goals around energy conservation, implemented lean manufacturing processes as well as many other initiatives to help reduce our energy usage. In 2021, we established a goal to reduce our greenhouse gas emissions by 10% by 2025. We also stated we will target a 10% increase in our hazardous material recycling rate. AAON participates in the non-profit organization Sustainable Tulsa's Scor3card, which is a sustainability tracking and assessment tool for organizations who want to track and improve their sustainability plans. AAON achieved Platinum level in the 2021 and 2020 Sustainable Tulsa Scor3card verification program. This follows the Company achieving Gold in 2019 and Bronze in 2018 and 2017.

At AAON, a diverse and inclusive workplace is also integral to our business strategy and critical to our success. We are

committed to hiring, retaining and promoting a diverse workforce while advancing a workplace culture of inclusion, which team members are valued for their ideas, identities, experiences and talents. In 2021, we hired a new Director of Administration who is bringing a wide range of best practices to Human Resources, helping us continue to progress in diversity and inclusion. At the end of 2021, 69% of our total workforce was non-white and 28% was female. AAON also employs individuals from over 32 countries. AAON participates in the Tulsa Chamber's Mosaic Diversity and Inclusion Index and was named a 2021 Top Inclusive Workplace.

## Outlook

Our 2021 sales and earnings performance was disappointing and was not reflective of how we view the potential of our Company. However, our backlog finished the year up 249.6% and we completed a historic acquisition that is performing extremely well in early days of ownership. We have never been as optimistic on the long-term outlook of the company as we are currently.

As external factors like supply chain issues ease, we expect performance will improve significantly. Our industry is in the early stages of benefiting from major secular demand trends related to decarbonization and indoor air quality. These market trends are leading to building owners demanding higher quality HVAC equipment that is more energy efficient and provides higher quality indoor air ventilation. For decades, AAON has led the industry in designing and manufacturing this type of equipment for the most competitive price. Up until now, AAON has been considered a niche player in a market. However, as the market shifts with these trends, we plan to take AAON from being a niche player to a mainstream player in the nonresidential HVAC industry.


In 2021, we continued to lead in innovation, demonstrated by the several new revolutionary products we introduced. We also progressed on prior efforts of strengthening our sales channel by investing in new tools and ways of support to help improve

the success of our channel partners. We continued to invest aggressively in the company to increase our capacity, improve our operations and maintain a healthy pipeline of research and development. Finally, we completed the historic acquisition of BasX Solutions. All of these initiatives will help us leverage the secular market demand trends, enabling us to gain significant market share over the next several years.

In 2022, we anticipate performance will be much better than the prior year. While we are still facing challenges with inflation and the supply chain early in the year, we have learned how to better overcome these challenges and the external factors are beginning to abate. Our backlog is strong and production rates have begun to accelerate. We anticipate sales and earnings in 2022 will be up significantly. Long-term, we are the most optimistic we have been in years. We target annual organic sales growth in the double digits, 30%-plus gross margins and SG&A expenses that grow slower than sales. Overall, the prospects for AAON are bright.

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 representation.

To our shareholders, we are honored to have each of you with us as we maintain the lead in pursuing growth.

A handwritten signature in black ink that reads "Gary D. Fields". The signature is written in a cursive, flowing style.



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*"In 2022, we anticipate performance will be much better than the prior year. While we are still facing challenges with inflation and the supply chain early in the year, we have learned how to better overcome these challenges and the external factors are beginning to abate. Our backlog is strong and production rates have begun to accelerate."*

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SUSTAINABLE  
**INNOVATION**



# Timeline of Success

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## 1988

### August

AAON, an Oklahoma corporation, was founded.

### September

Purchase of John Zink Air Conditioning Division.

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## 1989

### Spring

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.

### Summer

Became a publicly traded company with the reverse acquisition of Diamond Head Resources (now "AAON, Inc."), a Nevada corporation.

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## 1990

### December

Listed on NASDAQ Small Cap - Symbol "AAON".

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## 1991

### December

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

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## 1992

### Spring

AAON Coil Products purchased, renovated and moved into a 110,000 square foot plant in Longview, Texas.

### September

One-for-four reverse stock split.  
Retired \$1,927,000 of subordinated debt.

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## 1993

### NOVEMBER

Listed on the NASDAQ National Market System.

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## 1994

### January

Introduced a desiccant heat recovery wheel option available on all AAON rooftop units.

### March

Purchased property with 26,000 square foot building adjacent to AAON Coil Products plant in Longview, Texas.

Issued a 10% Stock Dividend

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## 1995

### September

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

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## 1996

### December

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

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## 1997

### April

AAON received U.S. patent for Blower Housing assembly.

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## 1998

### October

U.S. patent granted to AAON for air conditioner with energy recovery heat wheel.

### November

AAON yearly shipments exceed \$100 million.

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

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## 1999

### Spring

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

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## 2000

### Fall

Our manufacturers representative business grew to more than 100 offices, contributing approximately 60% of net sales.

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## 2001

### July

AAON added as a member of the Russell 2000® Index

### Fall

Expanded rooftop product line to 230 tons.

Introduced evaporative-cooled condensing energy savings feature

### September

3-for-2 stock split

### October

AAON listed in Forbes' 200 Best Small Companies

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## 2002

### June

3-for-2 stock split

### Fall

Industry introduction of the modular air handler and chiller products.

### October

AAON listed in Forbes' Magazine's "Hot Shots 200 Up & Comers."

AAON listed in Forbes' 200 Best Small Companies.

---

## 2003

### May

Purchased the assets of Air Wise, of Mississauga, Ontario, Canada.

### July

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

### October

AAON listed in Forbes' 200 Best Small Companies.

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## 2004

### April

AAON received U.S. Patent for the De-Superheater for Evaporative-Cooled Conditioning

### September

AAON received U.S. Patent for DPAC.

### November

Introduction of light commercial/residential product lines.

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## 2005

### August

AAON received U.S. Patent for Plenum Fan Banding.

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## 2006

### April

AAON introduced factory engineered and assembled packaged mechanical room, which includes a boiler and all piping and pumping accessories.

### June

Initiation of a semi-annual cash dividend for AAON shareholders.

---

## 2007

### March

Modular Air Handler products extended to 50,000 cfm.

### August

3-for-2 stock split.

### October

AAON Listed in Forbes' 200 Best Small Companies.

### December

AAON rings closing bell at NASDAQ.

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## 2008

### October

AAON rings opening bell at NASDAQ.

AAON voted "Most Valuable Product" and "Product of the Year" by Consulting-Specifying Engineer Magazine.

AAON listed in Forbes' 200 Best Small Companies.

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## 2009

### Summer

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AAON increased dividend payment by 13%.

AAON named to the Fortune 40 : Best Stocks to Retire On.

National Society of Professional Engineers Award AAON 2009 Product of the Year.

### Fall

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AAON added to Standard & Poor's Small Cap 600 Index.

National Society of Professional Engineers Award AAON 2009 Product of the Year - D-PAC

AAON listed in Forbes' 200 Best Small Companies.

## 2010

### July

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AAON RQ Series win ACHR News Dealer Design award.

### October

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

AAON LC Series Chiller product named 2010 Product of the Year - Bronze by Consulting-Specifying Engineer Magazine.

AAON Listed in Forbes' 200 Best Small Companies

## 2011

### Summer

---

National Society of Professional Engineers awarded RQ Series High Efficiency Rooftop Unit - Product of the Year.

3-for-2 stock split.

AAON Geothermal RQ Series wins Silver in ACHR News Dealer Design Competition. Single Zone VAV rooftop units win Honorable Mention in ACHR News Dealer Design Competition.

### October

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AAON Geothermal RQ Series product named 2011 Product of the Year - Silver by Consulting-Specifying Engineer magazine.

## 2013

### May

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Opening of AAON Parts & Supply Store.

AAON increases dividend payment by 25%

3-for-2 stock split

### September

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25th Anniversary

AAON rings opening bell at NASDAQ.

Consulting-Specifying Engineer magazine awarded SB Series Product of the Year - Bronze.

### December

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AAON named top Tulsa area stock value.

## 2012

### Spring

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Industry introduction of light commercial geothermal heat pump self-contained unit product line.

### July

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AAON SB Series Self-Contained Unit Wins ACHR News Dealer Design Award - Gold

### September

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Consulting-Specifying Engineer magazine awarded RN Series E-Cabinet Product of the Year - Bronze.

### December

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AAON yearly shipments exceed \$300 million.

## 2014

### June

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3-for-2 stock split

### July

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AAON LN Series Chiller wins ACHR New Dealer Design Award - Bronze

### September

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AAON donates \$3 Million to A Gathering Place for Tulsa.

## 2015

### May

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AAON increases dividend payment by 20%

### June

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AAON receives Gold Dealer Design Award in the Ventilation category.

### September

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AAON Low Leakage Dampers voted "Product of the Year" by Consulting-Specifying Engineer magazine.

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## 2016

### January

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AAON received U.S. Patent for the Low Leakage Dampers

### February

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AAON Breaks Ground on New "Norman Asbjornson Innovation Center" Research and Development Laboratory

### July

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AAON LZ Series Packaged Outdoor Mechanical Room wins ACHR News Dealer Design Award- Gold

### September

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Consulting-Specifying Engineer magazine awarded LZ Series Outdoor Mechanical Room Product of the Year - Gold, Chiller category.

Consulting-Specifying Engineer magazine awarded RN Series Horizontal Configuration Rooftop Unit Product of the Year - Gold, HVAC/R category.

### November

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AAON increases dividend payment by 18%

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## 2017

### April

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First WV Series small packaged vertical water-source heat pump comes off the production line.

### July

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AAON products received Dealer Design Awards from ACHR News.

### September

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AAON V3 Series, Touchscreen Controller, and WH Series voted Products of the Year by Consulting-Specifying Engineer magazine.

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## 2018

### March

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WattMaster Controls, Inc. Acquisition

### May

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AAON increase dividend payment by 23%

### July

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RN Series with Two-Stage Compressors wins ACHR News Dealer Design Award - Bronze

### August

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AAON Water-Source Heat Pumps AHRI Performance Certified

### September

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30th Anniversary

### October

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AAON rings opening bell at NASDAQ

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## 2019

### June

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AAON Opens Second Parts & Supply Store in Tulsa

### August

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AAON Breaks Ground on New Facility in Longview

### October

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AAON Opens Norman Asbjornson Innovation Center

### December

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AAON Honored as One of Oklahoma Magazine's Great Companies to Work For

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## 2020

### May

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

### November

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AAON Achieves Platinum Level in Scor3card Verification Program and receives Bellmon Award from Sustainable Tulsa

### December

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AAON RN Series with Variable Speed Compressors voted "Most Valuable Product" and LF Chiller Controller named "Product of the Year" by Consulting-Specifying Engineer magazine.

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## 2021

### August

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AAON achieves Platinum Level in Sustainable Tulsa Scor3card Program for the second straight year.

### October

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AAON introduces new low ambient air-source heat pump rooftop units and next generation ProFit water-source heat pump.

### November

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

### December

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BasX Solutions acquisition closed.

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**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, 2021

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.

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, 2021 was \$2,682.9 million based upon the closing price reported for such date on the Nasdaq Global Select Market.

As of February 23, 2022, registrant had outstanding a total of 52,529,320 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 2022 Annual Meeting of Stockholders to be held May 12, 2022, 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 includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “should”, “will”, and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligations to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Important factors that could cause results to differ materially from those in the forward-looking statements include (1) the timing and extent of changes in raw material and component prices, (2) the effects of fluctuations in the commercial/industrial new construction market, (3) the timing and extent of changes in interest rates, as well as other competitive factors during the year, (4) general economic, market or business conditions, and (5) the correction of certain of our previously issued consolidated financial statements, which may affect investor confidence and raise reputational issues.

### 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. (dba BasX Solutions, formerly BasX, LLC), 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.

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 center cooling solutions, cleanroom systems, chillers, 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 designs, manufactures, sells, and services standard, semi-custom, and custom heating, ventilation, and air conditioning (“HVAC”) systems, designs and produces controls solutions for all of our HVAC units, and sells retail parts to customers through our two retail part stores in Tulsa, Oklahoma. Through our Norman Asbjornson Innovation Center (“NAIC”) research and development laboratory facility in Tulsa, Oklahoma, the Company is able to test units under various environmental conditions. AAON Oklahoma includes the operations of our Tulsa, Oklahoma and Parkville, Missouri facilities, our NAIC research and development laboratory facility and two retail parts locations.

*AAON Coil Products:* AAON Coil Products designs and manufactures a selection of our standard, semi-custom, and custom HVAC systems. In addition, AAON Coil Products designs and manufactures various heating and cooling coils to be used in HVAC systems, mostly for the benefit of AAON Oklahoma and AAON Coil Products. AAON Coil Products consists of operations at our Longview, Texas facilities.

*BasX:* BasX provides product development design and manufacturing of custom engineered air handling systems including high efficiency data center cooling solutions, cleanroom HVAC systems, commercial/industrial HVAC systems, and modular solutions. Additionally, BasX designs and manufactures cleanroom environmental control systems to support hospital surgical suites, pharmaceutical process facilities, semiconductor and electronics manufacturing, laboratory and isolation and modular cleanrooms for facility flexibility. BasX consists of operations at our Redmond, Oregon facility.

For more information on our business segments' financial position and results of operations, refer to Note 23, "Segments," of the notes to consolidated financial statements.

### ***Business and Marketing Strategy***

Our products serve the commercial, industrial, data center cooling solutions, and cleanroom new construction and replacement markets within the HVAC equipment industry. Our business strategy involves mass customization that uses flexible computer-aided manufacturing systems to produce standard, semi-custom, and custom equipment and combines the low unit costs of mass production processes with the flexibility of individual customization. Through a collaborative effort with our independent representative sales offices, we design and manufacture the precise semi-custom product offering that best serves the customer's needs.

Our marketing strategy focuses on customers and markets that demand HVAC equipment with higher performance, greater energy efficiency, and best indoor air quality. We manufacture equipment with more capabilities than the standard offerings found in the HVAC equipment industry. We further focus on developing a company culture focused upon customer satisfaction, reducing product delivery channel time and cost, and continuing with the goal of product and manufacturing technology leadership and innovation. Our product mix, with a heavy investment in research and development, has an emphasis on energy efficiency, environment, and indoor air quality.

### ***Products - AAON Oklahoma and AAON Coil Products***

Our rooftop and condensing unit markets primarily consist of units installed on commercial or industrial structures of generally less than ten stories in height. Our air handling units, self-contained units, geothermal/water-source heat pumps, chillers, 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. Currently, close to two-thirds of the industry's market consists of replacement units.

The commercial and industrial new construction market is subject to cyclical fluctuations in that it is generally tied to housing starts and the general economy, but has a lag factor of six to 18 months. Housing starts, in turn, are affected by such factors as interest rates, the state of the economy, population growth and the relative age of the population. When new construction is down, we emphasize the replacement market.

Based on our 2021 combined sales of \$530.4 million at AAON Oklahoma and AAON Coil Products, we estimate that we have approximately a 10% share of the greater than five ton rooftop market and a 2% share of the less than five ton market. During 2021, approximately 60% of our sales were generated from the renovation and replacement markets and 40% from new construction. The ratio of sales for new construction vs. replacement to particular customers is related to various factors. Generally, the cyclical nature of the new construction market impacts this ratio the most over an economic cycle.

To date, our sales have been primarily to the domestic market. Foreign sales accounted for approximately \$14.8 million, \$11.7 million, and \$14.8 million of our net sales in 2021, 2020, and 2019, respectively. As a percentage of net sales, foreign sales accounted for approximately 3%, 2%, and 3% of our net sales in each of those years, respectively.

We purchase certain components, fabricate sheet metal and tubing and then assemble and test the finished products. Our primary finished products consist of a single unit system containing heating and cooling in a self-contained cabinet, referred to in the industry as "unitary products". Our other finished products are chillers, 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.

We also 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 small packaged geothermal/water-source heat pump units consist of the WH Series horizontal configuration and WV Series vertical configuration, from one-half to 12 1/2 tons, with options specifically for the replacement market and the new construction market. The replacement systems are designed to be installation friendly for most competitor water source heat pump models.

We manufacture an LF Series air-cooled chiller covering a range of four to 55 tons.

We offer two groups of condensing units: the CB Series, two to five tons and the CF Series, two to 70 tons.

Our air handling units consist of the indoor F1, 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.

AAON is committed to designing and manufacturing innovative HVAC products of the highest quality, efficiency, and performance. As such, we are committed to meeting 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"); and the International Organization for Standardization ("ISO").

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 air-cooled chillers (LF Series) are certified with the AHRI in accordance with AHRI Standard 550/590. Our RN, RQ, M2, and SB Series, including our water-source heat pump products (WH, and WV Series), are AHRI certified in accordance with ANSI/AHRI/ASHRAE/ISO 13256.

Our unitary products (RQ, RN, and CB Series) are certified with AHRI and the US Department of Energy to ANSI/AHRI 210/240 up to 5 tons capacity and ANSI/AHRI 340/360 up to 63 tons capacity.

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

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 water-source heat pump products recover otherwise wasted energy and employ it to cool, heat, and provide dehumidification to a building, making it one of the most efficient and environmentally friendly systems. AAON packaged rooftop units with two stage compressors are optimized with high efficiency evaporator and condenser coils and variable speed fans, leading to an AHRI Certified performance up to 20.3 SEER and 22.5 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.

AAON designs and produces controls solutions for all of our HVAC units including rooftop units, air handlers, chillers, and water-source heat pumps. We provide factory-developed and tested controls options for variable air volume systems associated with those units and other HVAC related equipment.

We offer several controls options: the Orion Controller, Pioneer Gold, Pioneer Silver, terminal block for field installed controls, and factory installed customer provided 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. AAON's 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, but we are also able to customize our controls to meet customers' unique requirements. We have controls solutions that enhance AAON's unique features and capabilities.

### ***Products - BasX***

The acquisition of BasX brings the Company exposure to attractive end-markets into which the Company has historically had minimal exposure. The products BasX manufactures are highly engineered and customized products, fully complementing our existing 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 offers integrated sound performance solutions.

### ***Air Quality Products***

The Coronavirus Disease 2019 ("COVID-19") pandemic has fueled a great deal of concern over best practices in the design and operation of building HVAC systems. In order to mitigate the spread of COVID-19, influenza, and other similar type respiratory diseases, we have done a great deal of research on what affects the transmission of these diseases and how AAON HVAC systems can be best designed. The American Society of Heating, Refrigeration and Air-Conditioning Engineers ("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* - AAON continues 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* - AAON standardizes a design that uses a backward curved fan wheel, which can accommodate higher airflow 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* - AAON's 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.

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

Overall, AAON is 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 AAON 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, 2021, we employ a sales staff of 65 individuals and utilize approximately 64 independent manufacturer representatives' organizations ("Representatives") having 128 offices to market our products in the United States and Canada. We also have one international sales organization, which utilizes 28 distributors in other countries. 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. However, secular market trends related to the pandemic and indoor air quality, decarbonization and energy efficiency, and higher energy prices, have positioned the Company 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 AAON 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.

### ***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***

One customer, Texas AirSystems, accounted for 10% or more of our sales during 2021, 2020, and 2019. No other customer accounted for more than 10% of our sales during 2021, 2020, and 2019.

### ***Backlog***

Our backlog as of February 1, 2022 was approximately \$347.6 million, compared to approximately \$103.8 million as of February 1, 2021. The current backlog consists of orders considered by management to be firm and our goal is to fill orders within approximately 60 to 90 days after an order is deemed to become firm; however, the orders are subject to cancellation by the customers in which case, cancellation charges apply up to the full price of the equipment.

### ***Competition***

At AAON Oklahoma and AAON Coil Products, we compete primarily with Lennox (Lennox International, Inc.), Trane (Trane Technologies plc), York International (Johnson Controls International plc), Carrier (Carrier Global Corporation), and Daikin (Daikin Industries). At BasX, we compete primarily with Vertiv (Vertiv Holdings Co.), STULZ (STULZ Air Technology Systems, Inc.), Munters, Silent Aire (Johnson Controls Internations plc), Nortek (Nortek Air Management), and Engineered Air.

All of these 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 have made over the last several years, we have been able to manage pricing so that 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 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 fixed price contracts with our major suppliers for periods of six to 18 months. We expect to receive delivery of raw materials from our fixed price contracts for use in our manufacturing operations.

We have not been significantly impacted by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) that 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.

### ***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. Our greatest needs arise during the months of May - October, the peak season for inventory (primarily purchased material) and accounts receivable. Our working capital requirements are generally met by cash flow from operations and a bank revolving credit facility, which currently permits borrowings up to \$100.0 million and had a \$40.0 million outstanding balance at December 31, 2021. Borrowings available under the revolving credit facility at December 31, 2021, were \$58.2 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.

AAON self-sponsors our Research and Development (“R&D”) activities, rather than needing to be customer-sponsored. R&D activities have involved the RQ, RN, and RZ (rooftop units), F1, H3, SA, V3, and M2 (air handling units), LF (chillers), CB and CF (condensing units), SA and SB (self-contained units), and WH and WV (water-source heat pumps), as well as component evaluation and refinement, development of control systems and new product development. R&D expenses incurred were approximately \$16.6 million, \$17.4 million, and \$14.8 million in 2021, 2020, and 2019, respectively.

Our NAIC research and development laboratory facility that opened in 2019, 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. Environmental application testing capabilities include -20 to 140°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 AAON 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 AAON to meet and maintain AHRI and U.S. Department of Energy ("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 as that is the largest environmental chamber currently available for testing outside of our facility. The NAIC contains both a 100 ton and a 540 ton chamber, allowing us to uniquely prove to customers our capacity and efficiency on these larger units.

The NAIC was designed to test units well beyond the standard AHRI rating points and allows us to offer testing services on AAON 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 will enable AAON to develop a new extended range of operation equipment and prove its capabilities.

In 2021, we invested in our first Electronic Prototype Lab at our Parkville, Missouri, location. This lab allows the AAON Controls Engineering team to experiment with new technology and create its own prototypes. A pick-and-place machine gives us the ability to place the latest components quickly, accurately, and reliably. The Electronic Prototype Lab allows AAON to increase speed to market and incorporate cutting-edge technology into our controls offering.

#### ***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 2022 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**

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

#### **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, AAON has maintained a commitment to design, develop, manufacture, and deliver heating and cooling products to perform beyond all expectations and to demonstrate AAON's quality and value to our customers. AAON 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. At AAON, 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 2021, we published our third annual environmental, social, and governance ("ESG") report highlighting sustainability practices, achievements, and long-term targets related to greenhouse gas emissions, hazardous waste recycling, and non-fossil fuel consuming products. AAON also participates in a sustainability benchmarking initiative (Sustainable Tulsa Scor3card) through which we monitor and report in the material areas of energy, material management, water, community stewardship, transportation, communication, and health. AAON achieved Platinum level in this program in 2021. We have an active ESG committee and an internal sustainability committee that provides education opportunities, communications and recommendations to the company on a regular basis.

In the area of energy efficiency and conservation, AAON Oklahoma and AAON Coil Products have transitioned to over 95% LED lighting in our facilities leading to considerable cost savings and reduced energy consumption. BasX is installing LED lights into any new fixtures in their current leased facility and working towards retrofitting old fixtures to LED. The Company participates in an energy demand response program through the public utility provider to reduce demand during peak hours. Approximately one-quarter of AAON's 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 as part of the Scor3card sustainability benchmarking initiative. Energy efficiency has been a priority not only in product development, but also in 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.

In the area of material management, we focus on recycling, reducing, reusing and sourcing more environmentally-friendly materials into our processes. AAON recycled over 13,793 tons and 11,741 tons of metal in 2021 and 2020, respectively. Through our partnership with a waste to energy facility, we successfully diverted over 460 tons and 556 tons of waste from landfills in 2021 and 2020, respectively. Our facilities 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:

	<b>As of February 22, 2022</b>	<b>As of February 23, 2021</b>	<b>As of February 21, 2020</b>
AAON Oklahoma	1,979	1,778	1,889
AAON Coil Products	574	490	401
BasX <sup>1</sup>	328	—	—
Total employees	2,881	2,268	2,290

<sup>1</sup> BasX was acquired by the Company on December 10, 2021.

We believe our employees are key to achieving our business objectives. In the early stages of the COVID-19 pandemic, we put COVID-19 prevention protocols in place to minimize the spread of COVID-19 in our workplaces. These protocols, which remain in place, meet or exceed state and local mandates.

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

### **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.**

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 has 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 have 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. While we do continue to operate, during 2021 we experienced price increases in our raw materials, especially copper and steel, which appear to be a result of COVID-19, as well supply chain challenges related to certain manufacturing parts.

The extent to which COVID-19 may adversely impact our business depends on future developments, which are highly uncertain and unpredictable, depending upon the severity and duration of the outbreak and the effectiveness of actions taken globally to contain or mitigate its effects. Any resulting financial impact cannot be estimated reasonably at this time, but may materially adversely affect our business, results of operations, financial condition, and cash flows. Even after 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 a major customer.**

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. In 2021, 2020, and 2019, one customer, Texas AirSystems, accounted for more than 10% of our sales. The loss of, or significant reduction in sales to, a major customer 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 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, 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. 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, 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 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 facilities. With the acquisition of BasX in 2021, we now have operations in an area that is, historically, effected 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 at AAON Oklahoma and AAON Coil Products with \$100 million of total coverage with a per occurrence deductible of \$2.5 million and BasX with \$20 million of total cover with a per occurrence deductible of \$5 thousand; however, this is not guaranteed to cover all the losses and damages incurred. Furthermore, we may experience 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 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 for claims over \$225,000 and \$750,000 for employee health insurance claims and workers' compensation insurance claims, respectively. 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, 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 at fixed prices. 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 fixed price contracts.**

Historically, we have attempted to limit the impact of price fluctuations on commodities by entering into non-cancellable fixed price contracts with our major suppliers for periods of six to 18 months. We expect to receive delivery of raw materials from our fixed price contracts for use in our manufacturing operations. These fixed price contracts are not accounted for using hedge accounting since they meet the normal purchases and sales exemption.

**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.

**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 effect on 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 expect to start transitioning to a new refrigerant with lower global warming potential for our HVAC systems in 2023 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.

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 2. Properties.**

As of December 31, 2021, we own all of our Tulsa, Oklahoma, and Longview, Texas, facilities, consisting of approximately two million square feet of space for office, manufacturing, research and development, warehouse, assembly operations, and parts sales. We believe that our facilities are well maintained and are in good condition and suitable for the conduct of our business. Our Parkville, Missouri and Redmond, Oregon facilities were leased as of December 31, 2021, and as further described below.

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

***AAON Oklahoma***

Our plant and office facilities in Tulsa, Oklahoma, consist of a 342,000 sq. ft. building (327,000 sq. ft. of manufacturing/warehouse space and 15,000 sq. ft. of office space) located on a 12-acre tract of land at 2425 South Yukon Avenue, a 940,000 sq. ft. manufacturing/warehouse building and a 70,000 sq. ft. 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 sq. ft. building used as warehouse space, acquired in 2021, on located on a 6-acre tract (collectively, the “Tulsa facilities”).

In addition to a retail parts store location at our Tulsa facilities, we also own a 13,500 sq. ft. stand alone building (7,500 sq. ft. warehouse and 6,000 sq. ft. office) which is utilized as an additional retail parts store to provide our customers more accessibly 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 Norman Asbjornson Innovation Center. 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 sq. ft. manufacturing/warehouse building at 2425 South Yukon Avenue.

Our operations in Parkville, Missouri, are conducted in a leased plant/office at 8500 NW River Park Drive, containing 51,000 sq. ft. We believe that the leased facility is well maintained and in good condition and suitable for the conduct of our business.

### ***AAON Coil Products***

Our plant and office facilities in Longview, Texas, consist of a 263,000 sq. ft. building (256,000 sq. ft. of manufacturing/warehouse space and 7,000 sq. ft. of office space) located on a 13-acre tract of land at 203-207 Gum Springs Road and a 222,000 sq. ft. building (210,000 sq. ft. of manufacturing/warehouse space and 12,000 sq. ft. of office space) located on an approximately 22-acre tract of land at 201 Ford Lane. The facilities at Gum Springs and Ford Lane are directly adjacent to each other.

### ***BasX***

Our operations in Redmond, Oregon, are conducted in a leased plant/office at 3500 SW 21st Place, containing approximately 194,000 sq. ft. (169,000 sq. ft. of manufacturing/warehouse space and 25,000 sq. ft. of office space). We believe that the leased facility is well maintained and in good condition and suitable for the conduct of our business.

### **Item 3. Legal Proceedings.**

We are not a party to any pending legal proceeding which management believes is likely to result in a material liability and no such action has been threatened against us, or, to the best of our knowledge, is contemplated.

### **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, 2022, there were 955 holders of record of our common stock.

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

Our recent dividends are as follows:

Declaration Date	Record Date	Payment Date	Dividend per Share
May 20, 2019	June 3, 2019	July 1, 2019	\$0.16
November 6, 2019	November 27, 2019	December 18, 2019	\$0.16
May 15, 2020	June 3, 2020	July 1, 2020	\$0.19
November 10, 2020	November 27, 2020	December 18, 2020	\$0.19
May 17, 2021	June 3, 2021	July 1, 2021	\$0.19
November 9, 2021	November 26, 2021	December 17, 2021	\$0.19



The following is a summary of our share-based compensation plans as of December 31, 2021:

#### 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	159,782	\$ 20.19	—
The 2016 Long-Term Incentive Plan	863,882	\$ 39.01	3,973,680

Repurchases during the fourth quarter of 2021, which include repurchases from our open market, 401(k) and employee repurchase programs, were as follows:

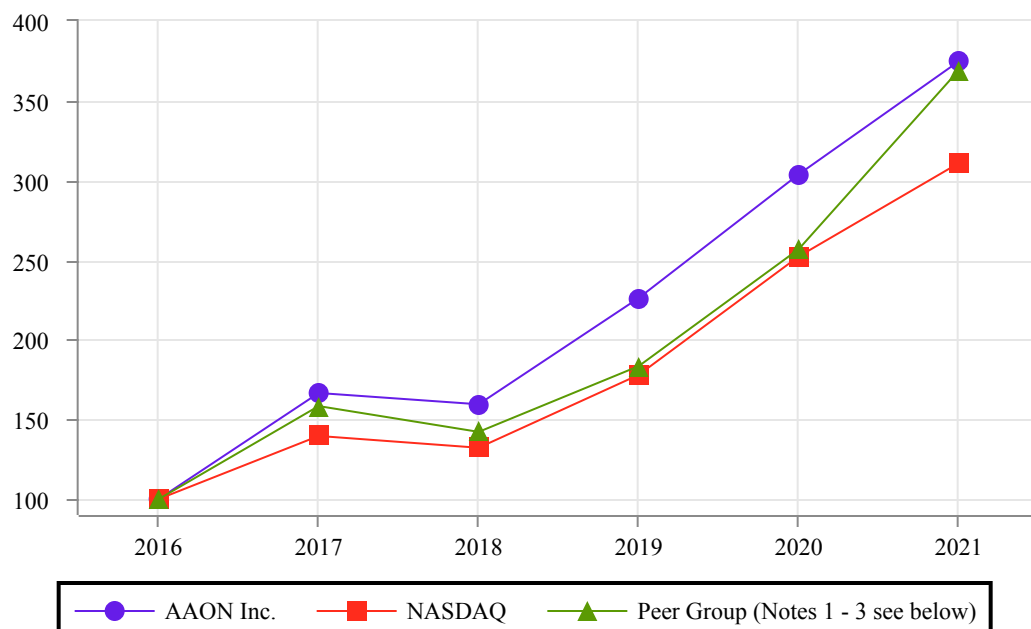
#### ISSUER PURCHASES OF EQUITY SECURITIES

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 2021	19,426	\$ 68.98	19,426	—
November 2021	15,372	76.44	15,372	—
December 2021	43,385	78.37	43,385	—
Total	78,183	\$ 75.66	78,183	—

#### Comparative Stock Performance Graph

The following performance graph compares our cumulative total shareholder return, the NASDAQ Composite and a peer group of publically traded U.S. industrial manufacturing companies in the air conditioning, ventilation, and heating exchange equipment markets from December 31, 2016 through December 31, 2021. Our peer group includes Lennox International, Inc., Trane Technologies plc (formerly Ingersoll-Rand plc), Johnson Controls International plc, Carrier Global Corporation (formerly United Technologies Corporation), and Vertiv (Vertiv Holding Co.). The graph assumes that \$100 was invested at the close of trading December 31, 2016, with reinvestment of dividends. 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, 2021**



<sup>1</sup>On March 2, 2020, Trane Technologies PLC (formerly known as Ingersoll-Rand plc) spun off its industrial assets, which made up over 50% of the company’s sales. Thus, historical stock performance prior to the divestiture is not fully representative of the current company’s assets.

<sup>2</sup>On April 3, 2020, Carrier Global Corporation was spun off from its parent company, United Technologies Corporation. We have included Carrier's cumulative total shareholder return from April 3, 2020 through December 31, 2021 assuming \$100 was invested at the close of trading on April 3, 2020.

<sup>3</sup>With its initial public offering in 2018, the first trading date for Vertiv Holdings Co. was July 30, 2018. We have included Vertiv's shareholder return from July 30, 2018 through December 31, 2021 assuming \$100 was invested at the close of trading on July 30, 2018.

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 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*.

### **Description of the Company**

We engineer, manufacture, market, and sell premium air conditioning and heating equipment consisting of standard, semi-custom, and custom rooftop units, data center cooling solutions, cleanroom systems, chillers, packaged outdoor mechanical rooms, air handling units, makeup air units, energy recovery units, condensing units, geothermal/water-source heat pump, coils, and controls. These products are marketed and sold to retail, manufacturing, educational, lodging, supermarket, data centers, medical and pharmaceutical, and other commercial industries. We market 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 recent rise in architectural billings and nonresidential building construction starts signal a 2022 recovery in nonresidential building construction after experiencing a downturn in 2021. Furthermore, general economic growth combined with pent-up demand from customers that delayed replacing old equipment is driving accelerated replacement demand. However, both the new construction and replacement markets are cyclical. If the domestic economy were to slow or enter a recession, this could result in a decrease in our sales volume and profitability. Sales in the commercial and industrial new construction markets correlate closely 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. 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, changes 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. The replacement market in 2021 improved compared to 2020, while the new construction market was a bit slower.

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 attacking 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. In total, our internal sales force makes up 65 individuals. The demand for our products is influenced by national and regional economic and demographic factors. The commercial and industrial new construction market is subject to cyclical fluctuations in that it is generally tied to housing starts, but has a lag factor of six to 18 months. Housing starts, in turn, are affected by such factors as interest rates, the state of the economy, population growth, and the relative age of the population.

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. We also purchase from other manufacturers certain components, including coils, compressors, motors, and electrical controls.

The price levels of our raw materials fluctuate given that the market continues to be volatile and unpredictable as a result of the uncertainty related to the U.S. economy and global economy. For the year ended December 31, 2021, the prices for copper, galvanized steel, and stainless steel increased approximately 35.3%, 50.9%, and 45.4%, respectively, and aluminum decreased approximately 4.5%, from 2020. For the year ended December 31, 2020, the prices for copper, galvanized steel and stainless steel increased approximately 0.6%, 12.2%, 8.5%, and 12.8%, respectively, from 2019. We occasionally increase the price of our equipment to help offset any inflationary headwinds. In 2021, given the unusual amount of inflation in our materials, we implemented three price increases.

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

## Consolidated Results of Operations

	Years Ended December 31,		
	2021	2020	2019
	<i>(in thousands)</i>		
Net Sales	\$ 534,517	\$ 514,551	\$ 469,333
Cost of Sales	396,687	358,702	349,908
Gross Profit	137,830	155,849	119,425
Selling, general and administrative expenses	68,598	60,491	52,077
(Gain) loss on disposal of assets and insurance recoveries	(21)	(6,478)	337
Income from operations	<u>\$ 69,253</u>	<u>\$ 101,836</u>	<u>\$ 67,011</u>

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

- Our backlog is at a record level due primarily to strong end-market demand.
- Organic bookings were up approximately 55% compared to 2020.
- On December 10, 2021, we completed the acquisition of BasX bringing the Company exposure to attractive end-markets into which the Company has historically had minimal exposure.
- Sales in 2021 grew year-over-year 3.9% to \$534.5 million driven mainly by price increases.

Beginning in the fourth quarter of 2021, we report our financial results based on three reportable segments: AAON Oklahoma, AAON Coil Products, and BasX, which are further described in Item 1, due to the acquisition of BasX and internal leadership reporting changes. 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, 2021 and 2020

	For the years ended December 31,					
	2021	Percent of Sales <sup>2</sup>	2020	Percent of Sales <sup>2</sup>	\$ Change	% Change
	<i>(in thousands)</i>					
<b>Net Sales<sup>3</sup></b>						
AAON Oklahoma	\$ 463,845	86.8 %	\$ 458,957	89.2 %	\$ 4,888	1.1 %
AAON Coil Products	66,589	12.5 %	55,594	10.8 %	10,995	19.8 %
BasX <sup>1</sup>	4,083	0.8 %	—	—	4,083	—
Net sales	\$ 534,517		\$ 514,551		\$ 19,966	3.9 %
<b>Cost of Sales<sup>3</sup></b>						
AAON Oklahoma	\$ 336,977	72.6 %	318,858	69.5 %	\$ 18,119	5.7 %
AAON Coil Products	56,514	84.9 %	39,844	71.7 %	16,670	41.8 %
BasX <sup>1</sup>	3,196	78.3 %	—	—	3,196	—
Cost of sales	\$ 396,687	74.2 %	\$ 358,702	69.7 %	\$ 37,985	10.6 %
<b>Gross Profit<sup>3</sup></b>						
AAON Oklahoma	\$ 126,868	27.4 %	\$ 140,099	30.5 %	\$ (13,231)	(9.4)%
AAON Coil Products	10,075	15.1 %	15,750	28.3 %	(5,675)	(36.0)%
BasX <sup>1</sup>	887	21.7 %	—	—	887	—
Gross profit	\$ 137,830	25.8 %	\$ 155,849	30.3 %	\$ (18,019)	(11.6)%

<sup>1</sup> BasX was acquired on December 10, 2021. We have included the results of BasX's operations in our consolidated financial statements as of December 11, 2021.

<sup>2</sup> 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.

<sup>3</sup> Presented after intercompany eliminations.

Total net sales increased \$20.0 million or 3.9%, due primarily to price increases that totaled of approximately \$26.3 million put into place over the last year that were realized during 2021. The acquisition of BasX in December 2021 added \$4.1 million to net sales for the short period in December. AAON Coil Products saw a 16.5% increase in units sold, or approximately \$9.7 million, due to the increase in capacity with the completion of the new manufacturing building at our Longview, Texas facility in early 2021. Those increases were offset by a total decrease in volumes of approximately \$10.8 million due to challenges in COVID-19 related absenteeism, supply chain issues for certain parts, and challenges hiring additional production labor to achieve higher production rates. Additionally, our plants were shut down for several days in January 2021 for planned maintenance and in February 2021 for weather that resulted in lost volume of approximately \$18.1 million. Part sales and other increased \$9.6 million or 20.5%.

As shown in the table below, we've experienced increases in the cost of our raw materials. We put multiple price increases in place during the year to counteract the increased cost of material; however, it took time for those price increases to work through our backlog and be realized. For this reason, we started to see erosion in our gross profit. In the second and third quarters, we encountered challenges in hiring additional production labor, resulting in unfavorable labor and overhead efficiencies, including the Company's ability to absorb certain fixed costs. In order to attract new employees, we increased starting wages for our production workforce by 7.0% in July 2021. In order to retain our existing employees, we also put a cost of living increase of 3.5% in place in October 2021 for all employees below the Director level. The second half of the year was also impacted by various part shortages. This caused us to rearrange production schedules, incur delays and inefficiencies in production, and incur more expensive freight costs. All these things combined with lower production volumes resulted in poor absorption of overhead which caused declines in our gross profit.

### Raw Material Costs

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

	2021		2020		% Change
Copper	\$	4.94	\$	3.65	35.3 %
Galvanized Steel	\$	0.83	\$	0.55	50.9 %
Stainless Steel	\$	2.05	\$	1.41	45.4 %
Aluminum	\$	1.93	\$	2.02	(4.5)%

### Selling, General and Administrative Expenses

	Years Ended December 31,		Percent of Sales			
	2021	2020	2021	2020		
	<i>(in thousands)</i>					
Warranty	\$	6,351	\$	6,621	1.2 %	1.3 %
Profit Sharing		8,526		11,593	1.6 %	2.3 %
Salaries & Benefits		23,458		20,159	4.4 %	3.9 %
Stock Compensation		5,543		5,341	1.0 %	1.0 %
Advertising		1,616		823	0.3 %	0.2 %
Depreciation		2,924		1,999	0.5 %	0.4 %
Insurance		3,010		1,066	0.6 %	0.2 %
Professional Fees		7,245		2,514	1.4 %	0.5 %
Donations		738		2,115	0.1 %	0.4 %
Other		9,187		8,260	1.7 %	1.6 %
Total SG&A	\$	68,598	\$	60,491	12.8 %	11.8 %

Our profit sharing expenses decreased due to decreased earnings in 2021. Salaries & benefits increased due to increases in salaries and bonuses. Professional fees increased mostly due to the transaction costs associated with the acquisition of BasX (Note 4) of \$4.4 million. Donations decreased due to the contribution of approximately \$1.3 million to Winifred, Montana Public Schools in recognition of Norman H. Asbjornson's transition from CEO to Executive Chairman during 2020.

### Gain/Loss on Disposals of Assets and Insurance Proceeds

On April 22, 2020, our plant and office facilities in Tulsa, Oklahoma experienced hail related weather damage and we filed a property insurance claim which carried a \$500,000 deductible. We did not experience any significant structural damage or any operational interruption as a result of this weather event. In November 2020, we reached a final settlement with our insurance carrier, resulting in a net cumulative gain of \$6.4 million for year ended

December 31, 2020. The received proceeds will be used in future periods to make improvements to the current roof at our plant and office facilities in Tulsa, Oklahoma to extend the overall useful life.

### Income Taxes

	Years Ended December 31,		Effective Tax Rate	
	2021	2020	2021	2020
	<i>(in thousands)</i>			
Income tax provision	\$ 10,424	\$ 22,966	15.1 %	22.5 %

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%. As a result of these changes, the Company adjusted its state deferred tax assets and liabilities in the second quarter of 2021 using the newly enacted rate for the periods when they are expected to be realized resulting in a benefit of \$0.8 million.

During the year ending December 31, 2021, the Company recorded an excess tax benefit of \$5.4 million as compared to \$3.2 million during 2020, an increase of 68.8%. The increase was primarily due to timing of stock option exercises as a result of our high stock price during the three months ended March 31, 2021 and three months ended December 31, 2021.

## Segment Operating Results for the Years Ended December 31, 2020 and 2019

	For the years ended December 31,					
	2020	Percent of Sales <sup>1</sup>	2019	Percent of Sales <sup>1</sup>	\$ Change	% Change
	<i>(in thousands)</i>					
<b>Net Sales<sup>2</sup></b>						
AAON Oklahoma	\$ 458,957	89.2 %	\$ 418,669	89.2 %	\$ 40,288	9.6 %
AAON Coil Products	55,594	10.8 %	50,664	10.8 %	4,930	9.7 %
Net sales	\$ 514,551		\$ 469,333		\$ 45,218	9.6 %
<b>Cost of Sales<sup>2</sup></b>						
AAON Oklahoma	\$ 318,858	69.5 %	311,441	74.4 %	\$ 7,417	2.4 %
AAON Coil Products	39,844	71.7 %	38,467	75.9 %	1,377	3.6 %
Cost of sales	\$ 358,702	69.7 %	\$ 349,908	74.6 %	\$ 8,794	2.5 %
<b>Gross Profit<sup>2</sup></b>						
AAON Oklahoma	\$ 140,099	30.5 %	\$ 107,228	25.6 %	\$ 32,871	30.7 %
AAON Coil Products	15,750	28.3 %	12,197	24.1 %	3,553	29.1 %
Gross profit	\$ 155,849	30.3 %	\$ 119,425	25.4 %	\$ 36,424	30.5 %

<sup>1</sup> 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.

<sup>2</sup> Presented after intercompany eliminations.

Total net sales increased \$45.2 million or 9.6%, mostly due to the increase of rooftop sales from AAON Oklahoma. AAON Oklahoma saw a increase in rooftop units volumes of 8.8%, or approximately \$30.6 million, due in part to our increased sheet metal production from the additional Salvagnini machines that were placed into operation allowing increased production and from price increases put in place over the last year. Part sales and other decreased \$3.4 million or 6.9%.

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.

As shown below, our average raw material prices increased during the year. However, the Company had increased its inventory levels in 2019 and early 2020 at lower prices and was able to benefit from these lower priced raw materials as the inventory was consumed in 2020. The Company improved its labor and overhead efficiencies with our new sheet metal machines that were placed into service in the last quarter of 2019 and early 2020, eliminating any bottlenecks in our sheet metal production. The Company's headcount was also down compared to 2019, resulting in a higher production output per employee.

### Raw Material Costs

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

	2020	2019	% Change
Copper	\$ 3.65	\$ 3.63	0.6 %
Galvanized Steel	\$ 0.55	\$ 0.49	12.2 %
Stainless Steel	\$ 1.41	\$ 1.30	8.5 %
Aluminum	\$ 2.02	\$ 1.79	12.8 %



## Selling, General and Administrative Expenses

	Years Ended December 31,		Percent of Sales	
	2020	2019	2020	2019
	<i>(in thousands)</i>			
Warranty	\$ 6,621	\$ 8,047	1.3 %	1.7 %
Profit Sharing	11,593	7,448	2.3 %	1.6 %
Salaries & Benefits	20,159	13,394	3.9 %	2.9 %
Stock Compensation	5,341	6,690	1.0 %	1.4 %
Advertising	823	818	0.2 %	0.2 %
Depreciation	1,999	1,524	0.4 %	0.3 %
Insurance	1,066	805	0.2 %	0.2 %
Professional Fees	2,514	2,738	0.5 %	0.6 %
Donations	2,115	1,137	0.4 %	0.2 %
Other	8,260	9,476	1.6 %	2.0 %
<b>Total SG&amp;A</b>	<b>\$ 60,491</b>	<b>\$ 52,077</b>	<b>11.8 %</b>	<b>11.1 %</b>

The Company experienced a decrease in warranty claims paid of 15.6% in 2020. Our profit sharing expenses increased due to higher earnings in 2020. Salaries and benefits increased due to additional bonuses and employee incentives. Stock compensation was lower in 2020 because the valuation of the Company-wide equity grant awarded in March 2020 was less than the grant awarded in March 2019. Donations increased due to the contribution of approximately \$1.3 million to Winifred, Montana Public Schools in recognition of Norman H. Asbjornson's transition from CEO to Executive Chairman.

## Gain/Loss on Disposals of Assets and Insurance Proceeds

On April 22, 2020, our plant and office facilities in Tulsa, Oklahoma experienced hail related weather damage and we filed a property insurance claim which carried a \$500,000 deductible. We did not experience any significant structural damage or any operational interruption as a result of this weather event. In November 2020, we reached a final settlement with our insurance carrier, resulting in a net cumulative gain of \$6.4 million for the year ended December 31, 2020. The received proceeds will be used in future periods to make improvements to the current roof at our plant and office facilities in Tulsa, Oklahoma to extend the overall useful life.

## Income Taxes

	Years Ended December 31,		Effective Tax Rate	
	2020	2019	2020	2019
	<i>(in thousands)</i>			
Income tax provision	\$ 22,966	\$ 13,320	22.5 %	19.9 %

Upon completion of the Company's 2018 tax return in 2019, the Company recorded additional benefit due to higher than expected research and development credit of \$0.6 million. Additionally in 2019, the Company determined it could take advantage of an additional 1% tax credit in Oklahoma for years in which the Company's location was deemed to be within an enterprise zone. The additional Oklahoma Credit for being in an enterprise zone, or otherwise allowable under Oklahoma law, resulted in a benefit of \$1.2 million.

## Liquidity and Capital Resources

Our working capital and capital expenditure requirements are generally met through net cash provided by operations and the occasional 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 \$76.2 million from December 31, 2020 to December 31, 2021 primarily due to the use of available cash on hand to fund the acquisition of BasX (Note 4). As of December 31, 2021, we had \$3.5 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 \$100.0 million. As of December 31, 2021, we had a \$40.0 million balance outstanding under the Revolver. We have one standby letter of credit totaling \$1.8 million as of December 31, 2021 and 2020. Borrowings available under the Revolver at December 31, 2021, were \$58.2 million. The Revolver expires on November 24, 2026.

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, 2021, the weighted average interest rate of the Revolver was 1.3%. 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 year ended December 31, 2021.

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, 2021, 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, 2021, our leverage ratio was 0.42 to 1.0, which meets the requirement of not being above 3 to 1.

**New Market Tax Credit Obligation** - On October 24, 2019, the Company entered into a transaction with a subsidiary of an unrelated third-party financial institution (the “Investor”) and a certified Community Development Entity under a qualified New Markets Tax Credit (“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 “Project”). In connection with the 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 expansion of its Longview, Texas facilities.

Upon closing of the NMTC transaction, the Company provided an aggregate of approximately \$15.9 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 \$15.9 million in proceeds plus capital contributed from the 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 NMTCs.

**Stock Repurchase** - The Board has authorized three stock repurchase programs for the Company.

The Company may purchase shares on the open market from time to time, up to a total of 5.7 million shares. 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:

<b>Agreement Execution Date</b>	<b>Authorized Repurchase \$</b>	<b>Expiration Date</b>
May 16, 2018 <sup>1</sup>	\$15 million	March 1, 2019
March 5, 2019 <sup>1</sup>	\$20 million	March 4, 2020
March 13, 2020	\$20 million	** <sup>2</sup>

<sup>1</sup> The 2018 and 2019 purchase authorizations were executed under 10b5-1 programs.

<sup>2</sup> 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.

The Company also has a stock repurchase arrangement by which employee-participants in our 401(k) savings and investment plan are entitled to have shares in AAON, Inc. stock in their accounts sold to the Company. The maximum number of shares to be repurchased is contingent upon the number of shares sold by employee-participants.

Lastly, the Company repurchases shares of AAON, Inc. stock from certain of its directors and 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	2021			2020			2019		
	Shares	Total \$	\$ per share	Shares	Total \$	\$ per share	Shares	Total \$	\$ per share
<i>(in thousands, except share and per share data)</i>									
Open market	—	\$ —	\$ —	103,689	\$ 4,987	\$ 48.10	5,799	\$ 200	\$ 34.46
401(k)	297,772	20,876	70.11	438,921	25,073	57.12	419,963	19,386	46.16
Directors and employees	22,526	1,590	70.59	23,272	1,169	50.23	28,668	1,207	42.11
Total	320,298	\$ 22,466	\$ 70.14	565,882	\$ 31,229	\$ 55.19	454,430	\$ 20,793	\$ 45.76

Program	Inception to Date		
	Shares	Total \$	\$ per share
<i>(in thousands, except share and per share data)</i>			
Open market	4,205,255	\$ 74,793	\$ 17.79
401(k)	8,204,432	165,876	20.22
Directors and employees	2,027,727	22,341	11.02
Total	14,437,414	\$ 263,010	\$ 18.22

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

Our recent dividends are as follows:

Declaration Date	Record Date	Payment Date	Dividend per Share
May 20, 2019	June 3, 2019	July 1, 2019	\$0.16
November 6, 2019	November 27, 2019	December 18, 2019	\$0.16
May 15, 2020	June 3, 2020	July 1, 2020	\$0.19
November 10, 2020	November 27, 2020	December 18, 2020	\$0.19
May 17, 2021	June 3, 2021	July 1, 2021	\$0.19
November 9, 2021	November 26, 2021	December 17, 2021	\$0.19

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 2022 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 used in financing activities for the years indicated.

	2021	2020	2019
	<i>(in thousands)</i>		
<b>Operating Activities</b>			
Net Income	\$ 58,758	\$ 79,009	\$ 53,711
Income statement adjustments, net	46,566	44,793	42,440
Changes in assets and liabilities:			
Accounts receivable	(9,737)	19,859	(13,412)
Income tax receivable	(1,136)	(3,815)	5,129
Inventories	(45,955)	(9,726)	2,557
Contract assets	1,886	—	—
Prepaid expenses and other	1,374	(2,364)	(329)
Accounts payable	10,899	(2,155)	280
Contract liabilities	(229)	—	—
Deferred revenue	447	1,010	425
Accrued liabilities and donations	(1,690)	2,203	7,124
Net cash provided by operating activities	<u>61,183</u>	<u>128,814</u>	<u>97,925</u>
<b>Investing Activities</b>			
Capital expenditures	(55,362)	(67,802)	(37,166)
Insurance proceeds	—	6,417	—
Cash paid in business combination, net of cash acquired	(103,430)	—	—
Purchases of investments	—	—	(6,000)
Maturities of investments and proceeds from called investments	—	—	6,000
Other	73	112	120
Net cash used in investing activities	<u>(158,719)</u>	<u>(61,273)</u>	<u>(37,046)</u>
<b>Financing Activities</b>			
Borrowings under revolving credit facility	40,000	—	—
Proceeds from financing obligation, net of issuance costs	—	—	6,614
Payment related to financing costs	—	—	(301)
Stock options exercised	21,148	21,418	12,625
Repurchase of stock	(20,876)	(30,060)	(19,586)
Employee taxes paid by withholding shares	(1,590)	(1,169)	(1,207)
Cash dividends paid to stockholders	(19,947)	(19,815)	(16,645)
Net cash provided by (used in) financing activities	<u>\$ 18,735</u>	<u>\$ (29,626)</u>	<u>\$ (18,500)</u>

### Cash Flows from Operating Activities

The decrease in cash flows from receivables was due to the increase in sales in the fourth quarter of 2021 as compared to 2020, as a result of the planned Company shutdown during the last week of December 2020. The decrease in cash flows from inventory is a result of increased costs of materials and some larger purchases made in the year to help deter supply chain issues and long lead times. The increase in cash flows from accounts payable is primarily driven by the timing of payments.

### Cash Flows from Investing Activities

Cash flows from investing activities increased in 2021 as compared to 2020 and 2019 primarily due to the cash paid for the acquisition of BasX (Note 4) in December 2021. This increase is offset by decreased capital expenditures in 2021 compared to 2020 and insurance proceeds received in November 2020. The capital expenditures for 2020

relate to the completion of our Longview facility expansion as well as the addition to and replacement of sheet metal manufacturing equipment.

Our capital expenditure program for 2022 is estimated to be approximately \$100.4 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

Cash flows from financing activities is historically affected by the timing of stock options exercised by our employees and repurchases of the Company's stock. However, in 2021, the increase in cash from financing activities is primarily related to borrowings under our revolving credit facility to manage our working capital needs after our available cash on hand was used to fund the BasX acquisition.

Our stock buyback program and dividends paid were \$22.5 million and \$19.9 million for the year ended December 31, 2021, respectively. We expect to continue the buyback program as well as paying semi-annual dividends at historical rates. The future costs of the buyback program could fluctuate based on market conditions including our published stock price and buyback transaction volume.

#### **Commitments and Contractual Agreements**

We had no material contractual purchase agreements as of December 31, 2021.

#### **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. We have concluded that the likelihood is remote that the ultimate resolution of any pending litigation or claims will be material or have a material adverse effect on the Company's business, financial position, results of operations, or cash flows.

#### **Critical Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires 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 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** – 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.

#### ***Definite-Lived Intangible Assets***

Definite-lived intangible assets include various customer relationships and intellectual property acquired in business combinations. The fair value of customer relationships and intellectual property is estimated based on management's judgments and assumptions or third party valuation models. These models requires the use of subjective inputs and assumptions such as expected useful lives, growth of existing customers, attrition of customers, future margins and expenses, discount rates, and future revenue growth. These inputs and assumptions can be inherently uncertain and can significantly affect the outcome of the estimates and analysis. We amortize our definite-lived intangible assets on a straight-line basis over the estimated useful lives of the assets. Our definite-lived intangible assets have estimated used lives of between 14 and 30 years. We evaluate the carrying value of our amortizable intangible assets for potential impairment when events and circumstances warrant such a review.

#### ***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. The fair value of trademarks and trade names is estimated based on management's judgments and assumptions or third party valuations. These models requires the us of subjective inputs such as royalty rate, discount rate, and terminal value.

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 report 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, 2021 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.

**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 goodwill and additional paid-in capital on the consolidated balance sheets.

The fair value of the contingent consideration was determined using the Option Pricing Method through a Monte Carlo simulation, as this model is appropriate for contingent considerations for which the payoff structure is nonlinear. The use of this model requires the input of subjective inputs and assumptions such as: future earnings, the expected volatility of future earnings, risk-free rate, discount rate, and future stock performance. These inputs and assumptions can be inherently uncertain and can significantly affect the outcome of the estimates and analysis.

### **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 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, *Revenue from Contracts with Customers*. Generally, this new guidance will result in the acquirer recognizing contract assets and contract liabilities at the same amounts recorded by the acquiree. Historically, such amounts were recognized by the acquirer at fair value in acquisition accounting. The guidance should be applied prospectively to acquisitions occurring on or after the effective date. The guidance is effective for years beginning after December 15, 2022, including interim periods within those years. Early adoption is permitted, including in interim periods, for any financial statements that have not yet been issued. We adopted this standard at the beginning of the fourth quarter of 2021. Upon adoption, this update did not have a material effect on our consolidated financial position or result of operations.

**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 fixed price cancellable and non-cancellable contracts with our major suppliers for periods of six to 18 months to manage this exposure.



**Item 8. Financial Statements and Supplementary Data.**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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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, 2021 and 2020, the related consolidated statements of income, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, 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, 2021, 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, 2022 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**

The critical audit matters communicated below 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. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### *Inventory – manual inventory adjustments*

As described in Note 2 to the financial statements, the Company reports inventory using the first in, first out (“FIFO”) method, which involves manual adjustments recorded to the general ledger such as inventory variance, inventory allowance and labor and overhead adjustments, which had the potential to be larger or require more judgment during the year ended December 31, 2021, where the Company experienced changes in the prices of certain raw materials due to the COVID-19 pandemic. These manual adjustments have been identified as a critical audit matter.

The principal considerations for our determination such manual inventory adjustments as a critical audit matter are these manual adjustments require substantial use of management estimates and requires the Company to have effective inventory valuation processes. Significant management judgments and estimates utilized to determine manual inventory adjustments are subject to estimation uncertainty and require significant auditor subjectivity in evaluating the reasonableness of those judgments and estimates.

Our audit procedures related to the manual inventory adjustments included the following, among others.

- We tested the design and operating effectiveness of controls over inventory valuation, including the standard cost updates in the accounting system and the completeness and accuracy of the inputs to the inventory variance calculation and any related adjustments.
- We recalculated the Company's standard costing of inventory which approximated FIFO by obtaining FIFO buildups and inspected underlying documents for a sample of raw materials.
- We assessed the reasonableness of management's inventory reserve by recalculating the reserve using management's inputs, and evaluated those inputs for reasonableness.
- We tested labor and overhead rate changes by recalculating the rates used and tested any adjustments recorded to the general ledger.

#### *BasX, LLC Acquisition*

As described in Note 4 to the financial statements, the Company acquired a controlling interest in BasX, LLC ("BasX") in December 2021 and the assets acquired, the liabilities assumed and contingent consideration payable were estimated and recorded at fair value as of the transaction date, for which the Company utilized a valuation specialist. We identified the estimation of the fair value of the intangible assets acquired and contingent consideration payable in the acquisition of BasX as a critical audit matter.

The principal considerations for our determination that the estimation of the fair value of the intangible assets acquired and contingent consideration payable in the acquisition of BasX as a critical audit matter are that there was a high degree of estimation uncertainty due to significant judgments with respect to the selection of the valuation methodologies applied, the assumptions used to estimate the future revenues and cash flows, including revenue growth rates and forecasted costs, discount rates, royalty rates, and obsolescence of intellectual property. This required an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the fair value of the intangible assets acquired and contingent consideration payable, including the need to involve valuation specialists.

Our audit procedures responsive to the estimation of the fair value of the intangible assets acquired and contingent consideration payable for the acquisition of BasX included the following procedures, among others.

- We tested the design and operating effectiveness of controls relating to management's review of the assumptions used to develop the future revenues and cash flows, the reconciliation of future revenues and cash flows prepared by management to the data used in the third-party valuation report, and the aforementioned valuation inputs and methodologies applied.
- Utilized a valuation specialist to evaluate:
  - The methodologies used and whether they were acceptable for the underlying assets or operations by performing an independent calculation.
  - The appropriateness of the royalty rates attributed to both intellectual property and trademarks and the obsolescence of intellectual property using our understanding of BasX's business and historical financial results, intellectual property and trademarks and the Company's future plans.
  - The appropriateness of the discount rates by recalculating the weighted average costs of capital.
  - The qualifications of the Company's valuation specialist based on their credentials and experience.
- Tested the revenue growth rates and forecasted costs of BasX by comparing such items to the historical operating results of the acquired entity and by assessing the likelihood or capability of the acquired entity to undertake activities or initiatives underpinning significant drivers of growth in the forecasted period.

/s/ GRANT THORNTON LLP

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

Tulsa, Oklahoma  
February 28, 2022

**AAON, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**

	December 31,	
	2021	2020
	<i>(in thousands, except share and per share data)</i>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,859	\$ 79,025
Restricted cash	628	3,263
Accounts receivable, net of allowance for credit losses of \$549 and \$506, respectively	70,780	47,387
Income tax receivable	5,723	4,587
Inventories, net	130,270	82,219
Contract assets	5,749	—
Prepaid expenses and other	2,071	3,770
<b>Total current assets</b>	<b>218,080</b>	<b>220,251</b>
Property, plant and equipment:		
Land	5,016	4,072
Buildings	135,861	122,171
Machinery and equipment	318,259	281,266
Furniture and fixtures	23,072	18,956
Total property, plant and equipment	482,208	426,465
Less: Accumulated depreciation	224,146	203,125
Property, plant and equipment, net	258,062	223,340
Intangible assets, net	70,121	38
Goodwill	85,727	3,229
Right of use assets	16,974	1,571
Other long-term assets	1,216	579
<b>Total assets</b>	<b>\$ 650,180</b>	<b>\$ 449,008</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 29,020	\$ 12,447
Accrued liabilities	50,206	46,586
Contract liabilities	7,542	—
<b>Total current liabilities</b>	<b>86,768</b>	<b>59,033</b>
Revolving credit facility, long-term	40,000	—
Deferred tax liabilities	31,993	28,324
Other long-term liabilities	18,843	4,423
New market tax credit obligation (a)	6,406	6,363
Commitments and contingencies (Note 19)		
Stockholders' equity:		
Preferred stock, \$.001 par value, 5,000,000 shares authorized, no shares issued	—	—
Common stock, \$.004 par value, 100,000,000 shares authorized, 52,527,985 and 52,224,767 issued and outstanding at December 31, 2021 and 2020, respectively	210	209
Additional paid-in capital	81,654	5,161
Retained earnings	384,306	345,495
<b>Total stockholders' equity</b>	<b>466,170</b>	<b>350,865</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 650,180</b>	<b>\$ 449,008</b>

(a) Held by variable interest entities (Note 18)

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

**AAON, Inc. and Subsidiaries**  
**Consolidated Statements of Income**

	Years Ended December 31,		
	2021	2020	2019
	<i>(in thousands, except share and per share data)</i>		
Net sales	\$ 534,517	\$ 514,551	\$ 469,333
Cost of sales	396,687	358,702	349,908
Gross profit	137,830	155,849	119,425
Selling, general and administrative expenses	68,598	60,491	52,077
(Gain) loss on disposal of assets and insurance recoveries	(21)	(6,478)	337
Income from operations	69,253	101,836	67,011
Interest (expense) income, net	(132)	88	66
Other income (expense), net	61	51	(46)
Income before taxes	69,182	101,975	67,031
Income tax provision	10,424	22,966	13,320
Net income	<u>\$ 58,758</u>	<u>\$ 79,009</u>	<u>\$ 53,711</u>
Earnings per share:			
Basic	<u>\$ 1.12</u>	<u>\$ 1.51</u>	<u>\$ 1.03</u>
Diluted	<u>\$ 1.09</u>	<u>\$ 1.49</u>	<u>\$ 1.02</u>
Cash dividends declared per common share:	<u>\$ 0.38</u>	<u>\$ 0.38</u>	<u>\$ 0.32</u>
Weighted average shares outstanding:			
Basic	<u>52,404,199</u>	<u>52,168,679</u>	<u>52,079,865</u>
Diluted	<u>53,728,989</u>	<u>53,061,169</u>	<u>52,635,415</u>

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

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

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings	Total
	<i>(in thousands)</i>				
Balance at December 31, 2018	51,991	\$ 208	\$ —	\$ 249,235	\$ 249,443
Net income	—	—	—	53,711	53,711
Stock options exercised and restricted stock awards granted	542	2	12,623	—	12,625
Share-based compensation	—	—	11,799	—	11,799
Stock repurchased and retired	(454)	(2)	(20,791)	—	(20,793)
Dividends	—	—	—	(16,645)	(16,645)
Balance at December 31, 2019	52,079	208	3,631	286,301	290,140
Net income	—	—	—	79,009	79,009
Stock options exercised and restricted stock awards granted	712	3	21,415	—	21,418
Share-based compensation	—	—	11,342	—	11,342
Stock repurchased and retired	(566)	(2)	(31,227)	—	(31,229)
Dividends	—	—	—	(19,815)	(19,815)
Balance at December 31, 2020	52,225	209	5,161	345,495	350,865
Net income	—	—	—	58,758	58,758
Stock options exercised and restricted stock awards granted	623	2	21,146	—	21,148
Share-based compensation	—	—	11,812	—	11,812
Stock repurchased and retired	(320)	(1)	(22,465)	—	(22,466)
Contingent consideration (Note 4)	—	—	66,000	—	66,000
Dividends	—	—	—	(19,947)	(19,947)
Balance at December 31, 2021	52,528	\$ 210	\$ 81,654	\$ 384,306	\$ 466,170

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,		
	2021	2020	2019
<b>Operating Activities</b>	<i>(in thousands)</i>		
Net income	\$ 58,758	\$ 79,009	\$ 53,711
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	30,343	25,634	22,766
Amortization of debt issuance costs	43	43	7
Amortization of right of use assets	73	—	—
Provision for credit losses on accounts receivable, net of adjustments	43	153	91
Provision for excess and obsolete inventories	629	1,108	1,454
Share-based compensation	11,812	11,342	11,799
(Gain) loss on disposition of assets and insurance recoveries	(21)	(6,478)	337
Foreign currency transaction gain	(1)	(12)	(27)
Interest income on note receivable	(24)	(24)	(25)
Deferred income taxes	3,669	13,027	6,038
Changes in assets and liabilities:			
Accounts receivable	(9,737)	19,859	(13,412)
Income tax receivable	(1,136)	(3,815)	5,129
Inventories	(45,955)	(9,726)	2,557
Contract assets	1,886	—	—
Prepaid expenses and other	1,374	(2,364)	(329)
Accounts payable	10,899	(2,155)	280
Contract liabilities	(229)	—	—
Deferred revenue	447	1,010	425
Accrued liabilities and donations	(1,690)	2,203	7,124
Net cash provided by operating activities	<u>61,183</u>	<u>128,814</u>	<u>97,925</u>
<b>Investing Activities</b>			
Capital expenditures	(55,362)	(67,802)	(37,166)
Cash paid in business combination, net of cash acquired	(103,430)	—	—
Proceeds from sale of property, plant and equipment	19	60	69
Insurance proceeds	—	6,417	—
Investment in certificates of deposits	—	—	(6,000)
Maturities of certificates of deposits	—	—	6,000
Principal payments from note receivable	54	52	51
Net cash used in investing activities	<u>(158,719)</u>	<u>(61,273)</u>	<u>(37,046)</u>
<b>Financing Activities</b>			
Borrowings under revolving credit facility	40,000	—	—
Proceeds from financing obligation, net of issuance costs	—	—	6,614
Payment related to financing costs	—	—	(301)
Stock options exercised	21,148	21,418	12,625
Repurchase of stock	(20,876)	(30,060)	(19,586)
Employee taxes paid by withholding shares	(1,590)	(1,169)	(1,207)
Dividends paid to stockholders	(19,947)	(19,815)	(16,645)
Net cash provided by (used in) financing activities	<u>18,735</u>	<u>(29,626)</u>	<u>(18,500)</u>
<b>Net (decrease) increase in cash, cash equivalents and restricted cash</b>	<u>(78,801)</u>	<u>37,915</u>	<u>42,379</u>
<b>Cash, cash equivalents and restricted cash, beginning of year</b>	<u>82,288</u>	<u>44,373</u>	<u>1,994</u>
<b>Cash, cash equivalents and restricted cash, end of year</b>	<u>\$ 3,487</u>	<u>\$ 82,288</u>	<u>\$ 44,373</u>

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

AAON, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2021

## 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. (dba BasX Solutions), 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, chillers, packaged outdoor mechanical rooms, air handling units, makeup air units, energy recovery units, condensing units, geothermal/water-source heat pumps, coils, and controls.

### *Recent Developments*

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 ("BasX") (Note 4). We have included the results of BasX's operations in our consolidated financial statements beginning December 11, 2021.

On December 29, 2021, BasX, LLC converted to a C-Corporation, BasX, Inc., and is subject to income tax.

## 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 inter-company accounts and transactions have been eliminated.

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

### *Impact of COVID-19 Pandemic*

In March 2020, the World Health Organization characterized the coronavirus ("COVID-19") a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The rapid spread of the pandemic and the continuously evolving responses to combat it have had an increasingly negative impact on the global economy.

Our manufacturing operations are considered a critical infrastructure industry, as defined by the U.S. Department of Homeland Security, as such, the decrees issued by national, state, and local governments in response to the COVID-19 pandemic have had minimal impact on our operations except for higher than normal employee absenteeism in our manufacturing facilities. Notable absenteeism occurred the latter part of June 2020 at our Tulsa, OK facilities which resulted in reduced shipments and longer lead times in the second quarter 2020. Additionally, our Longview, TX facility suffered from COVID-19 related absenteeism during the quarter ending September 30, 2021, which reduced the production of coils that were needed to complete units at both our Longview, TX and Tulsa, OK facilities.

We had continuous operations during the years ended December 31, 2021 and December 31, 2020, except for events unrelated to COVID-19 described below. Additional precautions have been taken to social distance workers that



work in close environments and we have facilitated voluntary on-site COVID-19 vaccine clinics. The Company utilizes sanitation stations and performs additional cleaning and sanitation throughout the day.

We witnessed increases in some of our raw material prices, especially in copper and steel, which appear to be an effect of COVID-19, and we continue to make strategic purchases of materials when we see opportunities. We have managed the increase in the cost of raw materials through price increases for our products which began to be realized in late 2021. Although we have experienced some supply chain challenges related to specific manufacturing parts, due to our strong vendor relationships as well as our favorable liquidity position, we have experienced minimal disruption to our supply chain due to COVID-19.

Additionally, we continue to experience challenges in a tight labor market, especially the hiring of both skilled and unskilled production labor. In July 2021, we increased starting wages for our production workforce by 7.0%. We also have put a cost of living increase of 3.5% in place in October 2021 for all employees below the Director level. We will continue to implement human resource initiatives to retain and attract labor to further improve productivity and production efficiencies.

The magnitude of the impact of COVID-19 remains unpredictable and we, therefore, continue to anticipate potential supply chain disruptions, increased employee absenteeism and additional health and safety costs related to the COVID-19 pandemic that could unfavorably impact our business. However, COVID-19 has had no significant impact on our planned cash outflows for raw materials, dividend payments, or capital expenditures.

Although these disruptions and costs are expected to be temporary, there is significant uncertainty around the duration and overall impact to our business operations. We are continually monitoring the progression of the pandemic, including new COVID-19 variants, and its potential effect on our financial position, results of operations and cash flows.

#### ***Planned Plant Maintenance***

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. Although we lost several production days due to this shut down, we do not believe that the impact of the shut down had a material adverse effect on the results of our operations, financial position and cash flows as of and for the year ending December 31, 2021.

#### ***Impact of February 2021 Weather***

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. Although we lost several production days in mid-February 2021, we do not believe that the impact of this weather event had a material adverse effect on the results of our operations, financial position and cash flows as of and for the year ending December 31, 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.

### ***Certificates of Deposit***

We held no certificates of deposit at December 31, 2021 and 2020.

### ***Restricted Cash***

Restricted cash held at December 31, 2021 consist of bank deposits and highly liquid, interest-bearing money market funds held for the purpose of the Company's qualified New Markets Tax Credit program (Note 18) 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 a 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***

We adopted ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, as amended, as of January 1, 2020. The ASU requires a financial asset (or a group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected, which would include accounts receivable. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amount. The adoption of this ASU did not have a material effect on our financial statements.

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%, 2%, and 3% of revenues for the years ended December 31, 2021, 2020, and 2019, respectively.

One customer, Texas AirSystems LLC, accounted for more than 10% of our sales during 2021, 2020, and 2019. No other customer accounted for more than 10% of our sales during 2021, 2020, and 2019. No customers accounted for more than 10% of our accounts receivable balance at December 31, 2021. Two customers, Texas AirSystems LLC and Johnson Barrow Inc., accounted for more than 10% of our accounts receivable balance at December 31, 2020.

### ***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	3 - 40 years
Machinery and equipment	3 - 20 years
Furniture and fixtures	3 - 15 years

On April 22, 2020, our plant and office facilities in Tulsa, Oklahoma experienced hail related weather damage and we filed a property insurance claim which carried a \$500,000 deductible. We did not experience any significant structural damage or any operational interruption as a result of this weather event. In November 2020, we reached a final settlement with our insurance carrier, resulting in a net cumulative gain of \$6.4 million, which is included in the consolidated statements of income. The received proceeds will be used in future periods to make improvements to the current roof at our plant and office facilities in Tulsa, Oklahoma to extend the overall useful life.

### ***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.

We adopted ASU No. 2018-13, *Fair Value Measurements* (Topic 820), as amended, as of January 1, 2020. The ASU includes additional disclosure requirements for unrealized gains and losses for Level 3 fair value measurements and significant observable inputs used to develop Level 3 fair value measurements. There was not a material impact to financial statements upon adoption. 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

property, plant and equipment, 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.

### ***Definite-Lived Intangible Assets***

Our definite-lived intangible assets include various trademarks, service marks, and technical knowledge acquired in business combinations (Note 4). 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	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. At December 31, 2021, approximately \$19.7 million of goodwill Indefinite-lived intangible assets consist of trademarks and trade names and are also subject to at least annual impairment testing. 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 report 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, 2021 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.

### ***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, 2021, 2020, and 2019 research and development costs amounted to approximately \$16.6 million, \$17.4 million, and \$14.8 million, respectively.

### ***Advertising***

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2021, 2020, and 2019 was approximately \$1.6 million, \$0.8 million, and \$0.8 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, 2021, 2020, and 2019 shipping and handling fees amounted to approximately \$14.4 million, \$14.3 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 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, vest at a rate of 20% per year. Restricted stock awards granted to directors historically vest one-third each year or, if granted on or after May 2019, vest over the shorter of directors' remaining elected term or one-third each year. As of 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 on December 31, 2023. 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. The Company measures a contract's progress on the basis of the ratio that costs incurred bear to estimated total costs using the input method because, in the Company's view, such method best depicts the progress toward completion.

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. Sales of our products are moderately seasonal with the peak period being May-October of each 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 \$43.9 million, \$50.0 million, and \$46.1 million for each of the years ended December 31, 2021, 2020, and 2019, 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.

### ***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.

### ***Use of Estimates***

The preparation of 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: revenue recognition, business combinations, the allowance for credit losses, inventory reserves, warranty accrual, workers compensation accrual, medical insurance accrual, share-based compensation, and income taxes. Actual results could differ materially from those estimates.

### **3. Revenue Recognition**

The following tables show disaggregated net sales by reportable segment (see Note 23) by major source, net of intercompany sales eliminations. As the BasX segment was not applicable during the years ended December 31, 2020 and 2019, this segment has been excluded from the tables.



	Year Ended December 31, 2021			
	AAON Oklahoma	AAON Coil Products	BasX <sup>1</sup>	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>

	Year Ended December 31, 2020			
	AAON Oklahoma	AAON Coil Products	BasX <sup>1</sup>	Total
	<i>(in thousands)</i>			
Rooftop Units	\$ 400,946	\$ —	—	\$ 400,946
Condensing Units	900	20,249	—	21,149
Air Handlers	—	23,931	—	23,931
Outdoor Mechanical Rooms	2,355	487	—	2,842
Water-Source Heat Pumps	10,663	8,390	—	19,053
Part Sales	32,561	—	—	32,561
Other	11,532	2,537	—	14,069
	<u>\$ 458,957</u>	<u>\$ 55,594</u>	<u>—</u>	<u>\$ 514,551</u>

	Year Ended December 31, 2019			
	AAON Oklahoma	AAON Coil Products	BasX <sup>1</sup>	Total
	<i>(in thousands)</i>			
Rooftop Units	\$ 349,427	\$ —	—	\$ 349,427
Condensing Units	865	17,610	—	18,475
Air Handlers	—	24,265	—	24,265
Outdoor Mechanical Rooms	1,134	509	—	1,643
Water-Source Heat Pumps	21,076	4,371	—	25,447
Part Sales	33,331	—	—	33,331
Other	12,836	3,909	—	16,745
	<u>\$ 418,669</u>	<u>\$ 50,664</u>	<u>—</u>	<u>\$ 469,333</u>

<sup>1</sup> BasX was acquired by the Company on December 10, 2021, as such, the only applicable period presented for BasX is December 11, 2021 through December 31, 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 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 and \$2.0 million payable to key employees of BasX 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. The Company funded the BasX 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, to acquire the principal real property and improvements utilized by BasX for an additional \$22.0 million, subject to customary closing conditions and adjustments. The Company expects this real estate transaction to close by the end of the first quarter of 2022.

BasX specializes in the design, engineering and manufacturing of custom, energy efficient cooling solutions for the rapidly growing hyperscale data center market. BasX also designs and manufactures custom solutions for cleanroom environments for the bio-pharmaceutical, semiconductor, medical and agriculture markets, as well as custom, energy efficient air handlers and modular solutions for a vast array of markets. The acquisition of BasX brings the Company exposure to attractive end-markets into which the Company has historically had minimal exposure. The products BasX manufactures are highly engineered, customized products, fully complimenting AAON's existing business.

We incurred \$4.4 million in transaction fees related to the acquisition of BasX which are included in selling, general, and administrative expenses on our consolidated statement of income. We have included the results of BasX's operations in our consolidated financial statements beginning December 11, 2021.

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. Goodwill was calculated and recognized consistent with acquisition accounting, resulting in the pushdown of \$82.5 million in goodwill as of December 31, 2021.

The following table presents the allocation of the consideration paid to the assets acquired and liabilities assumed, based on their fair values as of December 10, 2021, in the acquisition of BasX described above, which was still preliminary at December 31, 2021. The provisional amounts are subject to change as the Company continues to evaluate the information required to complete the valuation through the measurement period. We expect to complete our valuation in the first quarter of 2022.

	<i>(in thousands)</i>
Accounts receivable	\$ 13,699
Inventories	2,725
Contract assets	7,635
Prepaid expenses and other	341
Property, plant and equipment	13,169
Right of use assets	15,611
Intangible assets	70,329
Goodwill	82,498
Accounts payable	(9,388)
Accrued liabilities	(3,807)
Contract liabilities	(7,771)
Lease liabilities	(15,611)
Contingent Consideration - shares of AAON	(66,000)
Consideration paid	<u>\$ 103,430</u>

The Company recognized the following definite and indefinite-lived intangible assets as part of the acquisition of BasX:

	<i>(in thousands)</i>
Definite-lived intangible assets	
Intellectual property	\$ 6,479
Customer relationships	48,684
	<u>55,163</u>
Indefinite-lived intangible assets	
Trademarks	15,166
Total intangible assets acquired	<u>\$ 70,329</u>

Goodwill is the excess of the consideration paid for the acquired businesses over the fair value of the individual assets acquired, net of liabilities assumed. Goodwill represents a premium paid to acquire the skilled workforce and expanded market opportunities. Goodwill of \$16.5 million is tax deductible upon close of the acquisition. Future additional amounts of goodwill related to the contingent consideration may become tax deductible in the future if the earn out provisions of the MIPA are achieved.

*Pro Forma Results of Operations (unaudited)*

The operations of BasX have been included in our statements of income since the closing date on December 10, 2021. The following unaudited pro forma consolidated results of operations for the years ended December 31, 2021 and 2020 are presented as if the combination had been made on January 1, 2020.

	<i>(unaudited)</i>	
	Years ended December 31,	
	2021	2020
	<i>(in thousands, except per share data)</i>	
Revenues	\$ 611,158	\$ 562,563
Net income	63,491	80,507
Earnings per share:		
Basic	\$ 1.21	\$ 1.54
Dilutive	\$ 1.18	\$ 1.52

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

We adopted ASU No. 2016-02, *Leases (Topic 842)*, as amended, as of January 1, 2019, using the transition method, which became effective upon the date of adoption. The transition method allows entities to initially apply the new leases standard at the adoption date (January 1, 2019) and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. In addition, we elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed us to carry forward the historical lease classification. We have also elected the short-term lease measurement and recognition exemption which does not require balance sheet presentation for short-term leases.

All of our leases are classified as operating leases. 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, on a collateralized basis, an amount equal to the lease payments over a similar term in a similar economic environment.

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, 2021 or 2020, and the rent expense for these short-term leases is not significant.

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.

Through the acquisition of BasX (Note 4), we acquired various leases for plant/office space and equipment. We also lease the plant/office space used by our operations in Parkville, MO. 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.

At December 31, 2021, we had operating lease right-of-use assets of \$17.0 million and current and noncurrent operating lease obligations of \$1.6 million and \$15.5 million within accrued liabilities and other long-term liabilities, respectively, on our consolidated balance sheets. At December 31, 2020, we had operating lease right-of-use assets of \$1.6 million and current and noncurrent operating lease obligations of \$0.2 million and \$1.4 million within accrued liabilities and other long-term liabilities, respectively, on our consolidated balance sheets.

## 6. Accounts Receivable

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

	December 31,	
	2021	2020
	<i>(in thousands)</i>	
Accounts receivable	\$ 71,329	\$ 47,893
Less: Allowance for credit losses	(549)	(506)
Total, net	<u>\$ 70,780</u>	<u>\$ 47,387</u>

	Years Ended December 31,		
	2021	2020	2019
	<i>(in thousands)</i>		
Allowance for credit losses:			
Balance, beginning of period	\$ 506	\$ 353	\$ 264
Provisions (recoveries) for expected credit losses, net of adjustments	43	153	91
Accounts receivable written off, net of recoveries	—	—	(2)
Balance, end of period	<u>\$ 549</u>	<u>\$ 506</u>	<u>\$ 353</u>

## 7. Inventories

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

	December 31,	
	2021	2020
	<i>(in thousands)</i>	
Raw materials	\$ 124,480	\$ 76,238
Work in process	3,049	2,088
Finished goods	4,528	7,154
	132,057	85,480
Less: Allowance for excess and obsolete inventories	(1,787)	(3,261)
Total, net	<u>\$ 130,270</u>	<u>\$ 82,219</u>

	Years Ended December 31,		
	2021	2020	2019
	<i>(in thousands)</i>		
Allowance for excess and obsolete inventories:			
Balance, beginning of period	\$ 3,261	\$ 2,644	\$ 1,210
Provisions for excess and obsolete inventories	629	1,108	1,454
Inventories written off	(2,103)	(491)	(20)
Balance, end of period	<u>\$ 1,787</u>	<u>\$ 3,261</u>	<u>\$ 2,644</u>

## 8. Intangible Assets

Our intangible assets consist of the following:

	December 31,	
	2021	2020
Definite-lived intangible assets	<i>(in thousands)</i>	
Intellectual property	\$ 6,479	\$ 700
Customer relationships	48,684	—
Less: Accumulated amortization	(208)	(662)
Total, net	<u>54,955</u>	<u>38</u>
Indefinite-lived intangible assets		
Trademarks	15,166	—
Total intangible assets, net	<u>\$ 70,121</u>	<u>\$ 38</u>

Amortization expense recorded in cost of sales is as follows:

	Years Ended December 31,		
	2021	2020	2019
	<i>(in thousands)</i>		
Amortization expense	\$ 246	\$ 234	\$ 234

Excluding the impact of any future acquisitions, the Company anticipates amortization expense to be \$3.7 million for each of the years ended 2022 through 2026.

## 9. Note Receivable

In connection with the closure of our Canadian facility on May 18, 2009, we sold land and a building in September 2010 and assumed a note receivable from the borrower secured by the property. The C\$1.1 million, 15 year note has an interest rate of 4.0% and is payable to us monthly, and has a C\$0.6 million balloon payment due in October 2025. Interest payments are recognized in interest income. The current and long-term portions of this note receivable are included in other prepaid expenses and other and other long-term assets, respectively, on our balance sheet.

We evaluate the note for impairment on a quarterly basis. We determine the note receivable to be impaired if we are uncertain of its collectability based on the contractual terms. At December 31, 2021 and 2020, there was no impairment.

## 10. Supplemental Cash Flow Information

	Years Ended December 31,		
	2021	2020	2019
Supplemental disclosures:	<i>(in thousands)</i>		
Interest paid	\$ —	\$ —	\$ —
Income taxes paid, net	7,891	13,754	2,172
Non-cash investing and financing activities:			
Non-cash capital expenditures	(3,714)	2,843	863

## 11. Warranties

The Company has warranties with various terms from 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,		
	2021	2020	2019
Warranty accrual:	<i>(in thousands)</i>		
Balance, beginning of period	\$ 13,522	\$ 12,652	\$ 11,421
Payments made	(6,734)	(5,751)	(6,816)
Provisions	6,351	6,621	8,047
Assumed in business combination (Note 4)	630	—	—
Balance, end of period	<u>\$ 13,769</u>	<u>\$ 13,522</u>	<u>\$ 12,652</u>
Warranty expense:	\$ 6,351	\$ 6,621	\$ 8,047

## 12. Accrued Liabilities and Other Long-Term Liabilities

At December 31, accrued liabilities were comprised of the following:

	December 31,	
	2021	2020
	<i>(in thousands)</i>	
Warranty	\$ 13,769	\$ 13,522
Due to representatives	7,995	8,296
Payroll	8,423	8,155
Profit sharing	1,489	2,902
Workers' compensation	308	594
Medical self-insurance	1,943	1,546
Customer prepayments	5,931	5,067
Donations, short-term	438	570
Employee vacation time	4,362	3,321
Operating lease liability, short-term	1,580	202
Other	3,968	2,411
Total	<u>\$ 50,206</u>	<u>\$ 46,586</u>

At December 31, other long-term liabilities were comprised of the following:

	December 31,	
	2021	2020
	<i>(in thousands)</i>	
Long-term operating lease obligation	\$ 15,467	\$ 1,369
Long-term donations	334	496
Extended warranties	3,042	2,558
Total	<u>\$ 18,843</u>	<u>\$ 4,423</u>



### 13. Revolving Credit Facility

On November 24, 2021, we amended our revolving credit facility ("Revolver"), to provide for maximum borrowings of \$100.0 million, with an option to increase to maximum borrowing of \$200.0 million. As of December 31, 2021, we had a \$40.0 million balance outstanding under the Revolver. We have one standby letter of credit totaling \$1.8 million as of December 31, 2021 and 2020. Borrowings available under the Revolver at December 31, 2021, were \$58.2 million. The Revolver expires on November 24, 2026.

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, 2021, the weighted average interest rate of our the Revolver was 1.3%. 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 year ended December 31, 2021.

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, 2021, 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, 2021, our leverage ratio was 0.42 to 1.0, which meets the requirement of not being above 3 to 1.

The previous revolving credit facility allowed for maximum borrowings of \$30.0 million with an interest rate of LIBOR plus 2.0%. There were no fees associated with the unused portion of committed amounts under the previous revolving credit facility. As of December 31, 2020, we had no balance outstanding under our previous revolving credit facility. At December 31, 2020, the weighted average interest rate of our revolving credit facility was 2.6%.

On January 18, 2022, we updated our standby letter of credit to \$820,000. As of February 28, 2022, we had \$55,000,000 of outstanding borrowings under our Revolver.

## 14. Income Taxes

The provision for income taxes consists of the following:

	Years Ended December 31,		
	2021	2020	2019
	<i>(in thousands)</i>		
Current	\$ 6,755	\$ 9,939	\$ 7,282
Deferred	3,669	13,027	6,038
Total	<u>\$ 10,424</u>	<u>\$ 22,966</u>	<u>\$ 13,320</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,		
	2021	2020	2019
Federal statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	1.8 %	5.3 %	5.2 %
Change in valuation allowance	1.0 %	— %	— %
Excess tax benefits related to share-based compensation	(7.8)%	(3.2)%	(2.6)%
Return to provision	— %	0.1 %	(1.4)%
Oklahoma amended tax returns	— %	— %	(1.3)%
Other	(0.9)%	(0.7)%	(0.9)%
	<u>15.1 %</u>	<u>22.5 %</u>	<u>20.0 %</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%. As a result of these changes, the Company adjusted its state deferred tax assets and liabilities in the second quarter of 2021 using the newly enacted rate for the periods when they are expected to be realized. 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.

During the year ending December 31, 2021, the Company recorded an excess tax benefit of \$5.4 million as compared to \$3.2 million during 2020, an increase of 68.8%. The increase was primarily due to timing of stock option exercises as a result of our high stock price during the three months ended March 31, 2021 and three months ended December 31, 2021.

We earn investment tax credits from the state of Oklahoma's investment tax credit program for generally 1% of the qualified assets to be taken over 5 years. We use the flow-through method of accounting for the investment tax credits. We have credit carryforwards totaling \$3.7 million that have estimated expirations starting in 2035.

Upon completion of the Company's 2018 tax return in 2019, the Company recorded additional benefit due to higher than expected research and development credit of \$0.6 million. Additionally in 2019, the Company determined it could take advantage of an additional 1% tax credit in Oklahoma for years in which the Company's location was deemed to be within an enterprise zone. The additional Oklahoma credit for being in an enterprise zone, or otherwise allowable under Oklahoma law, resulted in a benefit of \$1.2 million.

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,	
	2021	2020
	<i>(in thousands)</i>	
Deferred income tax assets (liabilities):		
Accounts receivable and inventory reserves	\$ 625	\$ 1,052
Warranty accrual	3,675	3,776
Other accruals	1,406	1,044
Share-based compensation	7,568	4,102
Intangibles	993	(33)
Oklahoma investment credit carryforward	3,404	—
Other, net	3,119	2,608
	<u>20,790</u>	<u>12,549</u>
Valuation allowance	<u>(3,404)</u>	<u>—</u>
Net deferred income tax assets	17,386	12,549
Property & equipment	<u>(49,379)</u>	<u>(40,873)</u>
Total deferred income tax liabilities	<u>(49,379)</u>	<u>(40,873)</u>
Net deferred income tax liabilities	<u>\$ (31,993)</u>	<u>\$ (28,324)</u>

Realization of deferred tax assets, including the associated credit carryforwards, is dependent upon generating sufficient taxable income in the appropriate tax jurisdiction. We believe that it is more likely than not that we may not realize the benefit of our Oklahoma investment tax credit carryforward and, accordingly, have established a valuation allowance against this deferred tax asset.

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. and state tax returns jurisdictions. We are subject to U.S. examinations for tax years 2018 to present. In addition, we are subject to state and local income tax examinations for tax years 2017 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.

## 15. Share-Based Compensation

On May 22, 2007, our stockholders adopted a Long-Term Incentive Plan (as amended, "LTIP") which provided an additional 3.3 million shares that could be granted in the form of stock options, stock appreciation rights, restricted stock awards, performance units and performance awards, in addition to the shares from the previous plan, the 1992 Plan. Since inception of the LTIP, non-qualified stock options and restricted stock awards have been granted with a five year vesting schedule. 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 (as amended, "2016 Plan") which provides for approximately 8.9 million shares, comprised of 3.4 million new shares provided for under the 2016 Plan, approximately 0.4 million shares that were available for issuance under the previous LTIP that are now authorized for issuance under the 2016 Plan, approximately 2.6 million shares that were approved by the stockholders on May 15, 2018, and an additional 2.5 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 December 31, 2021, 2020, and 2019 using a Black Scholes-Merton Model:

	2021	2020	2019
<b>Directors and SLT<sup>1</sup>:</b>			
Expected dividend yield	\$ 0.38	\$ 0.33	\$ 0.32
Expected volatility	35.78 %	31.63 %	29.54 %
Risk-free interest rate	0.51 %	0.64 %	2.40 %
Expected life (in years)	4.00	5.00	5.00
<b>Employees:</b>			
Expected dividend yield	\$ 0.38	\$ 0.32	\$ 0.32
Expected volatility	38.67 %	31.39 %	29.54 %
Risk-free interest rate	0.32 %	0.67 %	2.38 %
Expected life (in years)	3.00	5.00	5.00
<sup>1</sup> 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, 2021:

Range of Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Intrinsic Value
<i>(in thousands)</i>				
\$8.17 - 40.87	538,335	4.84	\$ 30.32	\$ 26,440
\$41.37 - 41.37	361,231	6.37	41.37	13,748
\$42.42 - 79.81	124,098	8.17	45.60	4,198
Total	1,023,664	5.79	\$ 36.07	\$ 44,386

The following is a summary of stock options vested and exercisable as of December 31, 2020:

Range of Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Intrinsic Value
				<i>(in thousands)</i>
\$7.18 - 36.95	543,646	5.33	\$ 28.33	\$ 20,820
\$37.00 - 40.87	1,978	7.09	38.50	56
\$41.37 - 66.98	194,697	7.87	41.59	4,875
Total	740,321	6.00	\$ 31.85	\$ 25,751

The following is a summary of stock options vested and exercisable as of December 31, 2019:

Range of Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Intrinsic Value
				<i>(in thousands)</i>
\$7.18 - 34.10	451,077	5.44	\$ 23.47	\$ 11,702
\$34.15 - 40.87	86,122	7.82	36.33	1,126
\$41.37 - 50.68	1,750	1.81	41.59	14
Total	538,949	5.81	\$ 21.58	\$ 12,842

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

Options	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2020	3,752,945	\$ 39.00
Granted	368,501	72.95
Exercised	(595,057)	35.54
Forfeited or Expired	(160,920)	48.44
Outstanding at December 31, 2021	3,365,469	\$ 42.88
Exercisable at December 31, 2021	1,023,664	\$ 36.07

The total pre-tax compensation cost related to unvested stock options not yet recognized as of December 31, 2021 is \$17.2 million and is expected to be recognized over a weighted-average period of 2.25 years.

The total intrinsic value of options exercised during the years ended December 31, 2021, 2020, and 2019 was \$22.6 million, \$15.5 million, and \$8.1 million, respectively. The cash received from options exercised during the year ended December 31, 2021, 2020, and 2019 was \$21.1 million, \$21.4 million, and \$12.6 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.

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

Restricted stock	Shares	Weighted Average Grant date Fair Value
Unvested at December 31, 2020	224,691	\$ 38.22
Granted	36,234	69.46
Vested	(91,923)	35.80
Forfeited	(7,777)	49.27
Unvested at December 31, 2021	161,225	\$ 46.08

At December 31, 2021, unrecognized compensation cost related to unvested restricted stock awards was approximately \$4.3 million which is expected to be recognized over a weighted average period of 2.05 years.

## PSUs

The Company has awarded performance stock units ("PSUs") to certain officers and employees under our 2016 Plan. Unlike our restricted stock awards, the PSUs are not considered legally outstanding and do not accrue dividends during the vesting period. The PSUs vest based on the level of achievement with respect to the Company's three year 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 the three years ending December 31, 2023. At the end of the measurement period, each award will be converted into common stock at 0% to 200% of the PSUs held, depending on overall TSR as compared to the S&P SmallCap 600 Index benchmark companies.

The total pre-tax compensation cost related to unvested PSUs not yet recognized as of December 31, 2021 is \$1.0 million and is expected to be recognized over a weighted average period of approximately 1.9 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 year ended December 31, 2021 using a Monte Carlo Model:

	Year Ended
	December 31, 2021
Expected dividend rate	\$ 0.38
Expected volatility	39.10 %
Risk-free interest rate	0.28 %
Expected life (in years)	2.80

The expected term of the PSUs is based on the remaining service period ending December 31, 2023. 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, 2020	—	\$ —
Granted	18,483	87.78
Vested	—	—
Forfeited	(1,632)	87.78
Unvested at December 31, 2021	<u>16,851</u>	<u>\$ 87.78</u>

### ***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 common stock. The fair value of Key Employee Awards is based on the fair market value of AAON common stock on the grant date.

The total pre-tax compensation cost related to unvested Key Employee Awards not yet recognized as of December 31, 2021 is \$1.5 million and is expected to be recognized over a weighted average period of approximately 2.0 years.

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

	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2020	—	\$ —
Granted	26,599	80.18
Vested	—	—
Forfeited	—	—
Unvested at December 31, 2021	<u>26,599</u>	<u>\$ 80.18</u>

## Summary of Share-based Compensation

A summary of share-based compensation is as follows for the years ended December 31, 2021, 2020, and 2019:

	2021	2020	2019
<b>Grant date fair value of awards during the period:</b>	<i>(in thousands)</i>		
Options	\$ 7,010	\$ 12,615	\$ 20,442
Restricted stock	2,517	3,316	4,631
PSUs	1,622	—	—
Key employee awards	1,572	—	—
Total	<u>\$ 12,721</u>	<u>\$ 15,931</u>	<u>\$ 25,073</u>

	2021	2020	2019
<b>Share-based compensation expense:</b>	<i>(in thousands)</i>		
Options	\$ 8,724	\$ 8,312	\$ 9,145
Restricted stock	2,519	3,030	2,654
PSUs	525	—	—
Key employee awards	44	—	—
Total	<u>\$ 11,812</u>	<u>\$ 11,342</u>	<u>\$ 11,799</u>

	2021	2020	2019
<b>Income tax benefit related to share-based compensation:</b>	<i>(in thousands)</i>		
Options	\$ 4,571	\$ 2,698	\$ 1,197
Restricted stock	837	519	575
Total	<u>\$ 5,408</u>	<u>\$ 3,217</u>	<u>\$ 1,772</u>

## 16. 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% deferral rate and currently contributing employees deferral rates will be increased to 6% unless their current rate is above 6% 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 2021, 2020, and 2019.

The Company matches 175% up to 6% of employee contributions of eligible compensation. Additionally, Plan participant forfeitures are used to reduce the cost of the Company contributions.

	Years Ended December 31,		
	2021	2020	2019
	<i>(in thousands)</i>		
Contributions, net of forfeitures, made to the defined contribution plan	\$ 9,724	\$ 9,091	\$ 7,034



### ***Profit Sharing Bonus Plan***

We maintain a discretionary profit sharing bonus plan under which approximately 10% of pre-tax profit from consolidated AAON Oklahoma and AAON Texas 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 Texas 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.

	Years Ended December 31,		
	2021	2020	2019
	<i>(in thousands)</i>		
Profit sharing bonus plan expense	\$ 8,526	\$ 11,593	\$ 7,448

### ***Employee Medical Plan***

We self-insure for our employees' health insurance. 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. We estimate our self-insurance liabilities using an analysis provided by our claims administrator and our historical claims experience. In addition, the Company matches 175% of a participating employee's allowed contributions to a qualified health saving account to assist employees with our health insurance plan deductibles.

	Years Ended December 31,		
	2021	2020	2019
	<i>(in thousands)</i>		
Medical claim payments	\$ 9,640	\$ 9,060	\$ 5,898
Health saving account payments	3,482	3,476	3,265

## **17. Stockholders' Equity**

### ***Stock Repurchase***

The Board has authorized three stock repurchase programs for the Company. The Company may purchase shares on the open market from time to time, up to a total of 5.7 million shares. 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:

<b>Agreement Execution Date</b>	<b>Authorized Repurchase \$</b>	<b>Expiration Date</b>
May 16, 2018 <sup>1</sup>	\$15 million	March 1, 2019
March 5, 2019 <sup>1</sup>	\$20 million	March 4, 2020
March 13, 2020	\$20 million	** <sup>2</sup>

<sup>1</sup> The 2018 and 2019 purchase authorizations were executed under 10b5-1 programs.

<sup>2</sup> 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.

The Company also has a stock repurchase arrangement by which employee-participants in our 401(k) savings and investment plan are entitled to have shares of AAON, Inc. stock in their accounts sold to the Company. The maximum number of shares to be repurchased is contingent upon the number of shares sold by employee-participants.

Lastly, the Company repurchases shares of AAON, Inc. stock from certain of its directors and 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	2021			2020			2019		
	Shares	Total \$	\$ per share	Shares	Total \$	\$ per share	Shares	Total \$	\$ per share
<i>(in thousands, except share and per share data)</i>									
Open market	—	\$ —	\$ —	103,689	\$ 4,987	\$ 48.10	5,799	\$ 200	\$ 34.46
401(k)	297,772	20,876	70.11	438,921	25,073	57.12	419,963	19,386	46.16
Directors & employees	22,526	1,590	70.59	23,272	1,169	50.23	28,668	1,207	42.11
Total	320,298	\$ 22,466	\$ 70.14	565,882	\$ 31,229	\$ 55.19	454,430	\$ 20,793	\$ 45.76

Program	Inception to Date		
	Shares	Total \$	\$ per share
<i>(in thousands, except share and per share data)</i>			
Open market	4,205,255	\$ 74,793	\$ 17.79
401(k)	8,204,432	165,876	20.22
Directors & employees	2,027,727	22,341	11.02
Total	14,437,414	\$ 263,010	\$ 18.22

Subsequent to December 31, 2021 and through February 23, 2022, the Company repurchased 5,120 shares for \$0.4 million from employees for payment of statutory tax withholdings on stock transactions and 37,923 shares for \$2.4 million from our 401(k) savings and investment plan.

### Dividends

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

Our recent dividends are as follows:

Declaration Date	Record Date	Payment Date	Dividend per Share
May 20, 2019	June 3, 2019	July 1, 2019	\$0.16
November 6, 2019	November 27, 2019	December 18, 2019	\$0.16
May 15, 2020	June 3, 2020	July 1, 2020	\$0.19
November 10, 2020	November 27, 2020	December 18, 2020	\$0.19
May 17, 2021	June 3, 2021	July 1, 2021	\$0.19
November 9, 2021	November 26, 2021	December 17, 2021	\$0.19

We paid cash dividends of \$19.9 million, \$19.8 million, and \$16.6 million in 2021, 2020, and 2019, respectively.

### 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 1,037,000 shares of the Company's 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 \$66.0 million, which is included in additional paid-in capital on the consolidated balance sheets. As of February 28, 2022, the Company has not issued any shares related to the contingent consideration to the former owners of BasX.

## 18. 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 “Investor”) and a certified Community Development Entity under a qualified New Markets Tax Credit (“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 “Project”). In connection with the 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 Project.

Upon closing of the NMTC transaction, the Company provided an aggregate of approximately \$15.9 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 \$15.9 million in proceeds plus capital contributed from the 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 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 value attributable to the put/call is nominal. The Investor's interest of \$6.3 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.

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

The 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 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.

## 19. Commitments and 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. We have concluded that the likelihood is remote that the ultimate resolution of any pending litigation or claims will be material or have a material adverse effect on the Company's 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. We had no material contractual purchase obligations as of December 31, 2021.

## 20. 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 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, *Revenue from Contracts with Customers*. Generally, this new guidance will result in the acquirer recognizing contract assets and contract liabilities at the same amounts recorded by the acquiree. Historically, such amounts were recognized by the acquirer at fair value in acquisition accounting. The guidance should be applied prospectively to acquisitions occurring on or after the effective date. The guidance is effective for years beginning after December 15, 2022, including interim periods within those years. Early adoption is permitted, including in interim periods, for any financial statements that have not yet been issued. We adopted this standard at the beginning of the fourth quarter of 2021. Upon adoption, this update did not have a material effect on our consolidated financial position or result of operations.

## 21. 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.

Dilutive shares related to the contingent consideration payable to former owners of BasX (Note 4) are included in the calculation of diluted weighted average shares once it is determinable that BasX will satisfy the post-closing earn-out milestones under the terms of the MIPA agreement. The shares will be included in basic weighted average share once they are legally issued and no longer contingent.

The following table sets forth the computation of basic and diluted earnings per share:

	2021	2020	2019
<b>Numerator:</b>	<i>(in thousands, except share and per share data)</i>		
Net income	\$ 58,758	\$ 79,009	\$ 53,711
<b>Denominator:</b>			
Basic weighted average shares	52,404,199	52,168,679	52,079,865
Effect of dilutive shares related to stock based compensation <sup>1</sup>	1,301,698	892,490	555,550
Effect of dilutive shares related contingent consideration <sup>2</sup>	23,092	—	—
Diluted weighted average shares	53,728,989	53,061,169	52,635,415
<b>Earnings per share:</b>			
Basic	\$ 1.12	\$ 1.51	\$ 1.03
Dilutive	\$ 1.09	\$ 1.49	\$ 1.02
<b>Anti-dilutive shares:</b>			
Shares	304,029	364,787	1,868,087

<sup>1</sup> Dilutive shares related to stock options, restricted stock, PSUs and Key Employee Awards (Note 17)

<sup>2</sup> Dilutive shares related contingent shares issued to former owners of BasX (Note 4)

## 22. Related Parties

The Company purchases some supplies from an entity controlled by the Company's Executive Chairman. The Company sometimes makes sales to the Executive Chairman and CEO/President. Additionally, 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. Through the acquisition of BasX (Note 4), at December 31, 2021, the Company leased an office in Redmond, Oregon from an entity in which certain members of management have an ownership interest.

Following is a summary of transactions and balances with affiliates:

	Years Ended December 31,		
	2021	2020	2019
	<i>(in thousands)</i>		
Sales to affiliates	\$ 3,752	\$ 3,475	\$ 886
Payments to affiliates	185	256	332

	December 31,	
	2021	2020
	<i>(in thousands)</i>	
Due from affiliates	\$ 547	\$ 342

### 23. Segments

ASC 280, *Segment Reporting*, establishes the standards for reporting information about segments in financial statements. In applying the criteria set forth in ASC 280, 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.

Beginning in the fourth quarter of 2021, due to the acquisition of BasX and internal leadership reporting changes, the Company reevaluated its reportable segments for disclosure purposes. The Company has conformed its segment reporting accordingly and has reclassified comparative prior period information to reflect this change. 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 designs, manufactures, sells and services standard, semi-custom and custom HVAC systems, designs and produces controls solutions for all of our HVAC units and sells retail parts to customers through our two retail part stores. Through the NAIC research and development laboratory facility, AAON Oklahoma is able test units under various environmental conditions. AAON Oklahoma includes the operations of both our Tulsa, Oklahoma and Parkville, Missouri facilities, our NAIC research and development laboratory facility and two retail parts locations.

*AAON Coil Products:* AAON Coil Products designs and manufactures a selection of our standard, semi-custom and custom HVAC systems. In addition, AAON Coil Products designs and manufactures various heating and cooling coils to be used in HVAC systems, mostly for the benefit of AAON Oklahoma and AAON Coil Products. AAON Coil Products consists of operations at our Longview, Texas facilities.

*BasX:* BasX provides product development design and manufacturing of custom engineered air handling systems including high efficiency data center cooling solutions, cleanroom solutions, HVAC systems and modular solutions. BasX consists of operations at our Redmond, Oregon facility.

The following table summarizes certain financial data related to our segments. Transactions between segments are recorded based on prices negotiated between the segments. The "Other and eliminations" category in the Total Assets table below includes assets at our non-operating entity AAON, Inc., Nevada corporation, that are not allocated to the reportable segments, as well as intercompany eliminations.

	Years Ended December 31,		
	2021	2020	2019
	<i>(in thousands)</i>		
<b>Net Sales</b>			
<b>AAON Oklahoma</b>			
External sales	\$ 463,845	\$ 458,957	\$ 418,669
Inter-segment sales	2,504	2,683	2,261
<b>AAON Coil Products</b>			
External sales	66,589	55,594	50,664
Inter-segment sales	24,250	21,552	25,792
BasX <sup>1</sup>	4,083	—	—
Eliminations	(26,754)	(24,235)	(28,053)
Net sales	<u>\$ 534,517</u>	<u>\$ 514,551</u>	<u>\$ 469,333</u>
<b>Gross Profit</b>			
AAON Oklahoma	\$ 126,868	\$ 140,099	\$ 107,228
AAON Coil Products	10,075	15,750	12,197
BasX <sup>1</sup>	887	—	—
Gross profit	\$ 137,830	\$ 155,849	\$ 119,425

	December 31,	
	2021	2020
	<i>(in thousands)</i>	
<b>Long-lived assets</b>		
AAON Oklahoma	\$ 183,840	\$ 170,603
AAON Coil Products	62,534	54,308
BasX <sup>1</sup>	28,662	—
Total long-lived assets	\$ 275,036	\$ 224,911
<b>Intangible assets and goodwill</b>		
AAON Oklahoma	\$ 3,229	\$ 3,267
AAON Coil Products	—	—
BasX <sup>1</sup>	152,619	—
Total intangible assets and goodwill	\$ 155,848	\$ 3,267

<sup>1</sup> 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.

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

Not Applicable.

#### **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, 2021.

Based upon the evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures were effective at December 31, 2021 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.

On December 10, 2021, we acquired BasX, LLC ("BasX"). Management acknowledges that it is responsible for establishing and maintaining a system of internal controls over financial reporting for BasX. We are in the process of integrating BasX, and we therefore have excluded BasX from our December 31, 2021 assessment of the effectiveness of internal control over financial reporting. BasX had total assets of \$205.6 million as of December 31, 2021 and third party revenues of \$4.1 million from December 11, 2021 to December 31, 2021, which are included in our consolidated financial statements as of and for the year ended December 31, 2021. The impact of the acquisition of BasX has not materially affected and is not expected to materially affect our internal control over financial reporting. As a result of these integration activities, certain controls are being evaluated and may be changed. We believe, however, that we will be able to maintain sufficient controls over the substantive results of our financial reporting throughout this integration process.

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, 2021.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2021 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 2021 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, 2021, 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, 2021, 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, 2021, and our report dated February 28, 2022 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.

Our audit of, and opinion on, the Company’s internal control over financial reporting does not include the internal control over financial reporting of BasX, Inc., a wholly-owned subsidiary, whose financial statements reflect total assets and revenues constituting 32 and 1 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2021. As indicated in Management’s Report, BasX, Inc. (formerly BasX, LLC) was acquired during 2021. Management’s assertion on the effectiveness of the Company’s internal control over financial reporting excluded internal control over financial reporting of BasX, Inc.

### **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, 2022

**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 12, 2022.

**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](http://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 12, 2022.

**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 12, 2022.

**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 12, 2022.

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 2021, 2020, or 2019.

**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 12, 2022.

## 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) Amended and Restated Loan Agreement (dated November 24, 2021) and related documents (iii)
- [\(4.16\)](#) 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
- [\(99.1\)](#) Membership Interest Purchase Agreement - Acquisition of BasX, LCC (dated November 18, 2021)
- (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 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.



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, 2022

/s/ Gary D. Fields

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

Dated: February 28, 2022

/s/ Rebecca A. Thompson

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

Dated: February 28, 2022

/s/ Christopher D. Eason

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

Dated: February 28, 2022

/s/ Norman H. Asbjornson

Norman H. Asbjornson  
Executive Chairman and Director

Dated: February 28, 2022

/s/ Angela E. Kouplén

Angela E. Kouplén  
Director

Dated: February 28, 2022

/s/ Paul K. Lackey, Jr.

Paul K. Lackey, Jr.  
Director

Dated: February 28, 2022

/s/ Caron A. Lawhorn

Caron A. Lawhorn  
Director

Dated: February 28, 2022

/s/ Stephen O. LeClair

Stephen O. LeClair  
Director

Dated: February 28, 2022

/s/ A.H. McElroy II

A.H. McElroy II  
Director

Dated: February 28, 2022

/s/ David R. Stewart

David R. Stewart  
Director

Dated: February 28, 2022

/s/ Bruce Ware

Bruce Ware  
Director

Dated: February 28, 2022

/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, 2022, 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.**

<b>Subsidiary</b>	<b>Jurisdiction of Organization</b>
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, 2022, 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, 2021. 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. 333-241538 and File No. 333-226512).

/s/ GRANT THORNTON LLP

Tulsa, Oklahoma  
February 28, 2022

## 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, 2022

/s/ Gary D. Fields

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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, 2022

/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, 2021, 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, 2022

/s/ Gary D. Fields

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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, 2021, 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, 2022

/s/ Rebecca A. Thompson

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Rebecca A. Thompson  
Chief Financial Officer

# Company Officers

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## Gary Fields

Mr. Fields has served as Chief Executive Officer of AAON, Inc. (“AAON” or the “Company”) since 2020, as President of the Company since 2016, and a director of the Company since 2015. Mr. Fields has been involved in the HVAC industry for over 35 years. From 1983 to 2012, he was an HVAC equipment sales representative and, from 2002 to 2012, a member of the ownership group of Texas AirSystems, the largest independent HVAC equipment and solutions provider in the state of Texas. Mr. Fields also served as President of AAON Coil Products, Inc. (“AAON Coil Products”) from 2018 to March 2020.

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## Gene Stewart

Mr. Stewart has served as Executive Vice President of AAON since 2022. Mr. Stewart most recently served as Vice President of the Company since 2020 and President of AAON Coil Products since April 2020. From February 2015 to present, Mr. Stewart served as co-owner and President of North Texas Farm & Garden. Mr. Stewart previously served as the Aftermarket Business Leader – Parts and Warranty Service for the Company from January 2013 through January 2015. Mr. Stewart was the Parts Sales and Distribution Leader for Texas AirSystems from April 2009 through 2012 and prior to that spent over 11 years in several positions at Trane, including Parts and LCU Equipment Business Leader from January 2006 to April 2009.

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## Rebecca A. Thompson

Ms. Thompson has served as Vice President, Finance, and Chief Financial Officer of AAON since 2021. Prior to this promotion, Ms. Thompson served as Chief Accounting Officer and Treasurer of the Company since 2017, and Chief Accounting Officer of the Company since 2012. Ms. Thompson previously served as a Senior Manager at Grant Thornton, LLP where she had 11 years of experience in the assurance division. Ms. Thompson is a licensed certified public accountant.

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## Rony D. Gadiwalla

Mr. Gadiwalla has served as Vice President of Information Technology and Chief Information Officer of AAON since 2018. He most recently served as the Company’s Director of Information Technology since 2014. Prior to that, he held several IT roles, including Manager of Project Management Office from 2012 to 2014, and Engineering Automation Manager from 2009 to 2012. Mr. Gadiwalla has been with the company since 2004. Mr. Gadiwalla is very knowledgeable and experienced with the company’s IT systems.



## Chris Eason

Mr. Eason has served as Chief Accounting Officer of AAON since 2021. Prior to this promotion, Mr. Eason served as Controller and Financial Reporting Manager of the Company since 2018. Mr. Eason previously served as a Senior Manager at Grant Thornton, LLP where he had over 13 years of experience in the assurance division. Mr. Eason is a licensed certified public accountant



## Stephen E. Wakefield

Mr. Wakefield has served as Chief Operating Officer of AAON since 2020 and Vice President of Engineering of the Company since 2018. He previously served as the Company's Director of Engineering, and prior to that held several engineering roles, including Director of Design and Engineering Operations from 2017 to 2018, Senior Manager of Research and Development from 2015 to 2017, and Design Engineering Manager from 2005 to 2015. Mr. Wakefield has been with the Company since 1999. Mr. Wakefield has extensive knowledge and experience with all aspects of the Company's engineering and product design processes.



## Doug Wichman

Mr. Wichman has served as Vice President of AAON and Executive Vice President of AAON Coil Products since 2022. Prior to this promotion, he most recently served as AAON's Director of Manufacturing in Tulsa, and prior to that held several roles, including Plant Manager from 2017 to 2018 and Manufacturing Engineer from 2013 to 2017. Mr. Wichman has extensive knowledge and experience with all aspects of AAON's manufacturing processes.

### Transfer Agent and Registrar Issuer Direct

One Glenwood Ave.  
Suite 1001  
Raleigh, NC 27603

**Auditors**  
**Grant Thornton LLP**  
2431 East 61st Street,  
Suite 500  
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



# Board of Directors



Back Row (Left to Right): David Stewart, Bruce Ware, Stephen O. LeClair, Angela E. Kouplén, A.H. McElroy, II  
Front Row (Left to Right): Caron A. Lawson, Norman H. Asbjornson, Gary Fields, Paul K. Lackey, Jr.

## Norman H. Asbjornson

Executive Chairman

Mr. Asbjornson has served as Executive Chairman of AAON since 2020 and a director of AAON since 1989. Mr. Asbjornson also served as President of AAON from its inception until November 2016, and Chief Executive Officer of AAON from its inception until May 2020. Mr. Asbjornson also serves as the Chairman of the Board of AAON Coil Products, Inc., a wholly owned subsidiary. Mr. Asbjornson is one of the founders of the Company, and his intimate knowledge of the HVAC industry, both from a technical and a business perspective, brings to the Board a unique insight into the Company's operations in particular, as well as the environment in which the Company operates.

## Gary D. Fields

President/CEO/Director

## Bruce Ware

Mr. Ware was elected as a director of AAON in October 2021. Mr. Ware brings significant experience serving in multiple executive and leadership roles at publicly traded companies. Currently, he serves as a Corporate Vice President and Group Head of Joint Venture Capital Raising for DaVita Inc. DaVita is a Fortune 500 NYSE publicly traded health care services company and one of the largest providers of kidney care services in the U.S., with over 2,800 outpatient dialysis centers in the U.S. and over 330 outpatient dialysis centers in ten other countries.



## Caron A. Lawhorn

Ms. Lawhorn was elected as a director of the Company in 2019 and currently serves as the Audit Committee Chair. Ms. Lawhorn is a certified public accountant, and currently serves as Senior Vice President and Chief Financial Officer, of ONE Gas, Inc., a standalone one hundred percent regulated publicly traded natural gas utility. Prior to her current role, she served as Senior Vice President, Commercial, a position she held from ONE Gas's separation from ONEOK in 2014. She served in the same position at ONEOK, since 2013.

## Angela E. Kouplén

Ms. Kouplén was elected as a director of the Company in 2016. She serves as a member of the Audit Committee and Compensation Committee. Ms. Kouplén has over 20 years of experience at multiple energy companies, with an emphasis on information technology, contract management, sourcing/vendor relations, human resource management, strategy and governance. From 2012 through 2014, Ms. Kouplén served as Director – Talent Acquisition and Leadership of WPX Energy, and from 2015 to 2016, Ms. Kouplén served as Vice President – Information Technology of WPX Energy. From 2016 to November 2018, Ms. Kouplén served as Vice President of Administration and Chief Information Officer of WPX Energy and from November 2018 to March 2021 served as Senior Vice President of Administration and Chief Information Officer. Since August 2021, Ms. Kouplén has served as the interim Chief Information Officer at the University of Tulsa.

## David Stewart

Mr. Stewart was elected as a director of the Company in October 2021. He brings over 40 years of professional experience to the Board. Mr. Stewart currently serves as Chief Administrative Officer and Trustee of the Oklahoma Ordnance Works Authority located in Pryor, Oklahoma, an industrial public trust that owns and operates MidAmerica Industrial Park. Mr. Stewart was appointed to his current position in December 2012 by the former Governor of Oklahoma, Mary Fallin. MidAmerica Industrial Park consists of 9,000 acres and is home to over 80 companies in diverse industries (including Google, DuPont and Chevron Phillips), employing approximately 4,500 people. MidAmerica Industrial Park is one of the largest industrial parks in the U.S. and top ten in the world with on-site rail, water and electric power. Prior to his current position, Mr. Stewart served as Chief Executive Officer of Cherokee Nation Businesses, LLC.

## A.H. McElroy, II

Mr. McElroy has served as a director of the Company since 2007 and is currently Chair of the Compensation Committee. Since 1997, Mr. McElroy has served as President, Chief Executive Officer and Chairman of McElroy Manufacturing, Inc., a privately held manufacturer of fusion equipment and fintube machines.

## Paul K. Lackey, Jr.

Mr. Lackey has served as a director of the Company since 2007 and is currently Chair of the Governance Committee. Mr. Lackey will not seek reelection to the Board and will retire upon completion of his term on May 12, 2022. Between April 2002 and October 2005, Mr. Lackey served as CEO and President of The NORDAM Group, a privately held aerospace company. Between October 2005 and December 2008, Mr. Lackey served as the Chairman and CEO of The NORDAM Group. Between January 2009 and December 2011, Mr. Lackey served as the Executive Chairman of the Board of The NORDAM Group. Since January 2012, Mr. Lackey has served as the Chairman of the Board of The NORDAM Group.

## Stephen O. LeClair

Mr. LeClair was elected as a director of the Company in 2017. He is a member of the Compensation Committee and Governance Committee. Mr. LeClair has over 25 years of experience in various executive, manufacturing, finance, sales and operational positions. Mr. LeClair currently serves as Chief Executive Officer of Core & Main (formerly HD Supply Waterworks), a position he has held since 2017. In such role, he is responsible for leading the nation's largest distributor of water, sewer, storm and fire protection products. Prior to his current role, he served as President of HD Supply Waterworks from 2011 to 2017, Chief Operating Officer of HD Supply Waterworks from 2008 to 2011, and President of HD Supply Lumber and Building Materials from April 2007 until its divestiture to ProBuild Holdings in 2008. Mr. LeClair joined HD Supply in 2006 as Senior Director of Operations. Prior to joining HD Supply, Mr. LeClair held various roles at General Electric in 2002-2005.

# Company Employees

THE ONGOING SUCCESS OF OUR COMPANY CAN BE DIRECTLY  
ATTRIBUTED TO OUR EMPLOYEES

GARY ABBE  
SCOTT ABLA  
ANGEL ACEDO  
RAUL ACEDO ZELAYARAN  
CHRISTOPHER ACKLEY  
MIRIAN ACOSTA  
MA ACOSTA DE AGUAYO  
ANDRES ACOSTA-LUJAN  
RAQUEL ACUNA SEGURA  
ENRIQUETA ADAME  
DAKOTA ADAMS  
DERRICK ADAMS  
JAMILAH ADAMS  
JOHN ADAMS  
JOSHUA ADAMS  
LATOYA ADAMS  
PAUL ADAMS  
REBECCA ADAMS  
RYAN ADAMS  
AARON ADKINS  
YOLIMAR AGELVIS ARELLANO  
MARIE AGUERO  
LEONARD AGUILAR, JR.  
BERNY AIEN  
ARLEEN AIZAWA  
HARRY AIZAWA  
EMILY AKIN  
NADER AL-HASHMI  
DANIEL ALAGDON  
WENSA ALBERT  
ALEJANDRA ALEGRIA-REYES  
MAURICIO ALEMAN SANCHEZ  
JIMMY ALEXANDER  
SHARON ALEXANDER  
THOMAS ALEXANDER  
ZACHARY ALEXANDER  
SHANNON ALFORD  
JOSHUA ALIX-LOFTON  
CHARLES ALLEN  
DANIEL ALLEN  
JOHN-PAUL ALLEN  
SCOTTY ALLEN  
STEVEN ALLEY  
SONIA ALTER ESPINA  
JOSE ALVARADO  
NATALIE ALVARADO  
YACKSENDEL ALVARADO MAL-  
DONADO  
ADRIAN ALVARADO MONZON  
LEONARDO ALVARADO TORRES, SR.  
BILLY ALVERSON, III  
JENS ANDERSEN  
SARAH ANDERSEN  
BRENT ANDERSON  
DAVID ANDERSON  
DEMETRIA ANDERSON  
WANDA ANDERSON  
JOSEPH ANDRUS  
ON SIN ANGEI  
RODLY ANGEI  
THOMAS ANGEI  
HANSON ANINIS  
WESLEY ANSELME  
SAMRA ARAIN  
LAURA ARAUJO GONZALEZ  
CLYDE ARCHER  
JESUS ARELLANES RAMIREZ

FIDEL ARGUMEDO RANGEL  
JOSHUA ARMAS  
DAVID ARMSTRONG  
DEZMOND ARMSTRONG  
JERI ARMSTRONG  
KIMBERLY ARNONE  
CONNOR ARP  
GERARDO ARROYO  
ROSA ARROYO SANCHEZ  
MARIA ARTEAGA  
ROGELIO ARTEAGA  
MAGI ARYANFARD  
NORMAN ASBJORNSON  
MARIA ASENSIO  
JOHN ASHLEY, JR.  
DAVID ASHLOCK  
MICHAEL ASHLOCK  
TIMOTHY ASIMAKIS  
CODY AUSBROOK  
ROBERT AUSMUS  
OSCAR AVELAR  
JOSE AVILA  
JOSEPH AVILA  
GUSTAVO AVILA GARCIA  
ZIN AW  
SENG AWNG  
ORLANDO AYALA  
JASON AYDELOTTE  
KRISTIN AYLETT  
SHAHABUDDIN AZIZI  
REZWAN BABAKARKHIL  
NORA BACKUS  
AMY BAGWELL ALF  
JACOB BAIER  
BROOKS BAILEY  
ABEL BAKER  
ADAM BAKER  
BRYDRICK BAKER  
DWIGHT BAKER  
TRENITY BAKER  
JUAN BALANDRAN  
ANGELA BALDRIDGE  
JOHN BALDWIN  
CHANDEL BALLARD  
PEDRO BALTAZAR  
AMISS BANDA  
CLAUDIA BANDA  
RAMON BARAZARTE MENDOZA  
MYLES BARBER  
CHETT BARCELONA  
DAVID BARKLEY  
JUSTIN BARLETT  
JAMES BARNES JR.  
DAVID BARNETT  
ANA BARRAGAN DE ALTENEH  
LITZY BARRERA ROMERO  
TERESA BARRON  
CHRISTOPHER BARTH  
FRANCISCO BARTOLO GAONA  
SHERRY BATES  
PHILIP BATTERSON  
JAMES BAUGH  
STUART BAUGH  
JOSEPH BAWI  
JOSHUA BAWI LING  
JESSICA BEALL  
SHANNON BECK

LIONEL BECKMAN  
PHILLIP BEECHAM  
MARK BEHN JR.  
LEGEN BELCHER  
BRANCE BELL  
EFTON BELL  
JASON BELL  
SHAWN TRELLE BELL  
ZAKEYIA BELL  
RUBEN BELLIDO FERRER  
ABBYGALE BENEFIELD  
JAVES BENITEZ  
DONNA BENNETT  
FRANCIS BENNETT, JR.  
JOSEPH BENOIT  
BONNIE BENSON  
DANIEL BENSON  
DAVID BENSON  
BRANSON BENTLEY  
JARED BENTON  
MARC BERBIG  
KRISTOFER BERGGREN  
CHRISTIAN BERGLOFF  
IDA BERMUDEZ  
LIDIA BERNAL BECERRA  
DAVID BERRY  
ANTHONY BERTON  
NATHANIEL BERTON  
SERGIO BESERRA  
DANIEL BIGBY  
KENNETH BIGHAM JR.  
JAMES BILLINGS  
PHILLIP BINFORD  
JESSICA BIRDWELL  
BRADLEY BISHOP  
ANTHONY BIXLER  
DEAN BLACK  
ETHAN BLACKMAN  
CAMDEN BLAKELY  
MAXIMILLIAN BLAKEMORE  
JOSE BLANCO  
DAVID BLEVINS  
REBECCA BLOCK  
DEVON BLOOD  
DUSTIN BLOOD  
JAMES BOBBITT  
NICHOLAS BOBBITT  
DANIEL BOELK  
CHARLES BOELLSTORFF  
JOSEPH BOERO  
LAM BOI  
LHING BOI  
THANG BOI  
DAMIAN BOLDEN  
CONFIDENCE BOMS  
ADELTRUDES BOND  
JOSHUA BONEY  
MICHAEL BONEY  
JOSE BONILLA CANIZALEZ  
ROGER BORJA BARREIRO  
JOSEPH BOSS  
CINDY BOSTICK  
DANIEL BOWERS  
LARRY BOWERS  
EUGENE BOWMAN  
KYLE BOWMAN  
FRANCENE BOWSER

ALICE BOYCE  
CHARMAINE BOYCE  
JOHN BOYD  
JUSTIN BOYD  
LATOYA BOYD  
MARC BRADBURY  
BRIAN BRADFORD  
ERIK BRANTNER  
JUAN BRAVO SANCHEZ  
KATHLEAN BRELAND  
BENJAMIN BREMER  
SETH BRESSLER  
MATHEW BREWER  
LANDON BRIDGES  
KENNETH BRIEDWELL  
CRYSTAL BRIGGS  
CRAIG BRIGHTWELL  
WENDY BRITO  
QUINTON BROADNAX  
JOE BROCK  
NICHOLAS BROCKWAY  
ARLUNDA BROOKS  
KYLEE BROOKS  
WINSTON BROSEKE  
ARIELLE BROWN  
DOMINIQUE BROWN  
JAMES BROWN  
JOVORIOUS BROWN  
LONNIE BROWN  
MITCHELL BROWN  
SHENEQUA BROWN  
STEVEN BROWN  
JAVAN BROWN II  
JOHNNY BROWN, JR.  
JERRILIUS BRUCE  
CHRISTOPHER BRYANT  
ISAIAH BRYANT  
SEQUOYAH BUCHANAN  
LELAND BUDKE  
VAN BUI  
JAMES BUIE  
ROBBIN BULLARD  
HAYDEN BULLINGER  
HEATHER BULLOCK  
JASON BUNNELL  
SCOTT BURGESS  
LATISHA BURKHALTER  
WHITNEY BURKS  
BLAKE BURNETTE  
ROBYN BURNETTE  
NAKIA BURRIS  
CLIFTON BURRUS  
CHRISTOPHER BURTON  
WAYNE BUSH  
ADRIAN BUTLER  
ROSA BUTLER  
JOSEPH BUXTON  
JESSEE CABLE  
ELSA CABRERA  
ISABELLE CABRERA  
JANIBAL CABUDOY  
ALEJANDRO CADENA  
FERMIN CADENA  
MARBELLA CADENA  
CLEVELAND CAGE, JR.  
YOSMAR CALDERA HERNANDEZ  
MARGARITO CALDERON  
SANDRA CALDWELL  
GARRETT CALE  
TYLER CALICO  
JORGE CALIXTO  
EDWARD CALLOWAY  
MARIO CAMACHO HERNANDEZ  
PETER CAMERON  
TEVIN CAMERON  
DAVID CAMPBELL

ROBERT CAMPBELL  
RUSTI CAMPBELL  
TOMMY CAMPBELL  
ODESS CAMREN  
CHRISTIAN CANDLER  
GILDA CANNADY  
MARIKIA CAPERS  
BILLY CARDER  
DREW CARDOZA  
GINA CARGILE  
ANABELL CARMACK  
TODD CARNER  
WILLIAM CARNLEY  
MARIELYS CARPIO  
LISA CARRIERO  
GRACIELA CARRILLO  
MICHAEL CARRILLO  
WILLIE CARRINGTON  
DAVID CARROLL  
VINCENT CARSON  
KENDRIX CARTER  
KEYSHAWN CARTER  
ROBERT CARTER  
TIANA CARTER  
ROBERT CARTWRIGHT  
ISMAEL CARVAJAL  
CRISTOBAL CARVAJAL COLORADO  
ARACELI CARVAJAL MENDOZA  
BEATRIZ CASIANO  
JORGE CASTELLANOS  
MARIO CASTRO JR.  
GIOVANNI CAVELLO GONZALEZ  
ESTEPHANY CAVELLO-GONZALEZ  
MARGARITO CAVELLO-PENALOZA  
SHAWN CAVIN  
BRIAN CAVNER  
HECTOR CAZARES  
ADAN CEASAR  
CORNELIO CEJA GRIMALDO  
FRANCISCO CERVANTES  
SAVANNA CERVANTES  
BRYAN CHADWELL  
FABIAN CHAIREZ HERNANDEZ  
GUADALUPE CHAIREZ-GALAN  
ANGEL CHALK  
LARRY CHALK  
RICKY CHAMBLISS  
ROBERT CHANEY  
TERELL CHANEY  
AMBER CHAPMAN  
DUSTIN CHAPMAN  
PATRICK CHAPMAN  
DEMOND CHASEBERRY  
ALEEX CHATKEHOODLE  
EDGAR CHAVEZ  
GREGORY CHAVEZ  
CLAY CHEATHAM  
REBECCA CHEEK  
ZHENYU CHEN  
KEVIN CHESTNUT  
ANCHENNIN CHEYPOT  
RANCE CHILDS  
JEFFREY CHIPPEWA  
DENNIS CHISM III  
CHRISTOPHER CHOATE  
CONNOR CHOATE  
EDDIE CHOATES  
TERRANCE CHOICE JR.  
MANGKHONGAM CHONGLOI  
KAREN CHRISTENSON  
AWI CIANG  
LUN CIANG  
MAU CIIN  
NING CIIN  
KHAI CIN  
KHAM CIN



LANG CIN  
 LANGH CIN  
 LUAN CIN  
 PAUL CIN  
 THANGHAU CIN  
 TUAN CIN  
 VUNG CIN  
 VUNGH CIN  
 AIH CING  
 ANGELA MAN CING  
 AWI CING  
 CIANG CING  
 CIN CING  
 CING CING  
 DIM CING  
 DON CING  
 GLORY CING  
 LIAN HAU CING  
 LIAN LUN CING  
 LUN CING  
 LUN LAM CING  
 MAN DEIH CING  
 MAN LUN CING  
 MAN ZA CING  
 NANG CING  
 NEM CING  
 NGAI CING  
 NGOIH CING  
 NIANG CING  
 NIANG LUN CING  
 NIANG SAN CING  
 NING HAU CING  
 NING SAWM CING  
 NUAM CING  
 NUAM SUAN CING  
 SAN CING  
 THANG CING  
 THANG LAM CING  
 THANG ZA CING  
 VERONICA CING  
 VUNG CING  
 ZEN CING  
 ZEN NEM CING  
 THERESA CING KOK  
 DAVID CIRIACO  
 JUSTIN CLAIBORNE  
 LOURDES CLANCE  
 GEORGE CLARK  
 JASON CLARK  
 PATRICK CLARK  
 SAMUEL CLARK, JR.  
 NIKOLAI CLAWSON  
 TONYA CLEEK  
 JUAN CLEMENTE VALLADARES  
 WILLIAM CLEVELAND  
 CLIFTON CLINE  
 TERRY CLONTZ  
 RONNIE CLOWERS  
 MARK COBB  
 ROBBIE COBBLE  
 JEROMY COCKRELL  
 TROY COCKRUM  
 MADENA COFFEE  
 BEATRICE COLE  
 MICHAEL COLE  
 ROBERT COLE  
 CLAYTON COLLINS  
 JENNIFER COLLINS  
 MYRA COLLINS  
 AARON COLUMBUS  
 DAVID COMER  
 STEFANI COMPTON  
 JAMES CONAWAY  
 BOBBY CONDITT  
 DALE CONKWRIGHT  
 DAMON CONN  
 JUDE CONNOLLY

AMIEL CONTRERAS  
 YESENIA CONTRERAS  
 MARK COOK  
 MICHAEL COOK  
 RAYMOND COOK  
 ALAINA COOKS  
 ALFRED COOKS  
 MICHAEL COOLIDGE  
 SCOTT COON  
 DONNA COONFIELD  
 GREGORY COOPER  
 JAMES COOPER  
 STEPHANN COOPER  
 STACEY CORDELL  
 CRYSTAL CORDOVA  
 MARIANA CORDOVA  
 JUSTIN CORLEY  
 JAMES CORNETT  
 MARIA CORONA  
 GENOVEVA CORONA  
 DE RIVERA  
 ENRIQUE CORTES  
 MICHAEL CORTEZ  
 CALEB COTTON  
 FRED COTTON  
 MEAGAN COTTON  
 VERNON COUSINO  
 CAMERON COX  
 DAVID COX  
 DUSTIN COX  
 KATLIN COYLE  
 ADRIAN CRABTREE  
 CARL CRABTREE  
 JACOB CRABTREE  
 KATHLEEN CRABTREE  
 STEPHAN CRABTREE  
 ZACHARY CRATES  
 ALBERT CRAWFORD  
 BRADLEY CRAWFORD  
 THOMAS CRAWFORD  
 WALTER CRAWLEY  
 COURTNEY CRAYNE  
 JACOB CRAYNE  
 JAKE CRISS  
 ZOEY CRITES  
 HEATH CRITTENDEN  
 DAVID CRONISTER  
 JON CROSS  
 TYLER CROSS  
 MATTHEW CROUCH  
 DARRELL CROW  
 WILFREDO CUELLAR  
 CHRIS CUMMINGS  
 ROBERT CUMMINGS  
 CHRISTOPHER CURTIS  
 KEVIN CYRUS  
 MARCO DABNEY  
 ZIRAM DAHKUM  
 ZAWNG DAI  
 CING DAL  
 GIN DAL  
 GO DAL  
 JOHN DAL  
 NENG DAL  
 LIAN DAL  
 CARRIE DAME  
 HENLEY DANG  
 JOHN DANIELS  
 JUSTIN DANIELS  
 LAQUENTIN DANIELS  
 TUAN DAO  
 JENIFUR DAVIDSON  
 AMANDA DAVIDSON-GOLIEN  
 BESSIE DAVIS  
 CAMERON DAVIS  
 CRAIG DAVIS  
 DARRYL DAVIS

JASON DAVIS  
 JERRY DAVIS  
 KOBE DAVIS  
 MARCUS DAVIS  
 MATTHEW DAVIS  
 RICHARD DAVIS  
 TERRANCE DAVIS  
 RANDALL DAVIS JR.  
 BILLY DAVIS, JR.  
 JEFFERY DAWSON  
 SUSAN DAWSON  
 DANIEL DE CASAS  
 EVA DE LA TORRE  
 YOANA DE LA TORRE  
 J'ME DEAN  
 JAMES DEATHERAGE  
 RICHARD DECAMP  
 TEARA DEGNER  
 RUBEN DELANY  
 ISMAEL DELAPAZ  
 MATIAS DELAPENA JR  
 DOREEN DELEO  
 JUANA DELOBO  
 RAQUEL DELUNA  
 MATTHEW DEMAREE  
 RUSSELL DEMOSS  
 BARRY DENNIS  
 HELEN DENNIS  
 MICHAEL DENNIS  
 JOSEPH DENTON  
 JASON DEREAS  
 JOSHUA DESHAZER  
 MATTHEW DESHAZER  
 CALEB DEVENNY  
 AUDENCIA DEVILLA  
 ROY DEVILLE  
 SRIJAN DHAKAL  
 ALEXANDER DIAZ  
 JONATHAN DIAZ  
 MELISSA DICKERSON  
 JUSTIN DILLON  
 CIANG DIM  
 DAW DIM  
 DON DIM  
 HAU DIM  
 MAN DIM  
 MONICA CING DIM  
 NIANG DIM  
 THANG DIM  
 VUNG DIM  
 JOHAN DINA  
 LIAN DING  
 CONG DINH  
 QUANG DINH  
 TIEN DINH  
 DOMINIC DIONNE  
 CURTIS DIXON  
 LADARIOUS DIXON  
 DANE DIXSON  
 KAM DO  
 AUSTIN DODSON  
 SOL DOMINGUEZ  
 DOMINGO DOMINGUEZ  
 TINOCO  
 NGOI DON  
 NIANG DON  
 ZAM DON  
 WAYNE DONATO  
 CIN DONG  
 ANGELA DONKA  
 MKSING DOPMUL  
 NANG DOPMUL  
 NGAILAM DOPMUL  
 NIANGNUAM DOPMUL  
 THANGMINLIAN DOPMUL  
 VUNGLAM DOPMUL  
 BROOKE DORSETT

JEREMY DOTSON  
 STARLENNIA DOUGLAS  
 TIMOTHY DOWNS  
 JORDAN DOZIER  
 ROGER DRAINE  
 RENNEE DRAKE  
 DION DRANGSTVEIT  
 DAVID DRAPALIK  
 SENECA DRENNAN  
 CATHRYN DUBBS  
 LAQUETTA DUBLISKY  
 DOUGLAS DUBUC  
 SAMUEL DUELL HARRIS  
 THERESA DUGAN  
 CHRISTOPHER DUNCAN  
 GUY DUNN  
 JUSTIN DUNN  
 KELSON DUNN  
 LANIKA DUNN  
 MONICA DURAN GOMEZ  
 RALPH DURBIN  
 LATRAYVIS DURHAM  
 KYLE DURNING  
 MATTHEW DURRANCE  
 MELISSA DUWE  
 JUSTIN DYKMAN  
 CHRISTOPHER EASON  
 PEYTON EASTEP  
 KRISTLE EDENS  
 DAVID EDGINGTON  
 TYLER EDWARDS  
 MARDIN EJERCITO  
 JOSEPHINE ELIEISAR  
 JOYFULL ELIEISAR  
 REIPIN ELIMO  
 CHRISTOPHER ELLERS  
 JAMES ELLIS  
 JEANNE ELLIS-RAPSON  
 DANA ELMER  
 AUSTIN EMBRY  
 KHAM EN THANG  
 TINISHA ENGLISH  
 KENDALL ENGRAM  
 ERICK EPPERSON  
 BENJAMIN ERNST  
 TILDA EROCH  
 STEVEN ERVIN  
 ENRIQUE ESCARSEGA  
 CARLOS ESCOBAR KANAN  
 BRYAN ESCOBEDO  
 JUWANGIU ESIWILI  
 DWIGHT ESKEW  
 JOAN ESPINA MATHEUS  
 LEON ESPINOZA  
 COLBY ESPREE  
 DEQUAILEN ESPY  
 DELIA ESTRADA  
 ALEXIS EVANS  
 JOHN EVANS  
 STEVE EVANS  
 CHAD EVERS  
 JOSEPH EWERS  
 KURTIS EWING  
 JESSE EWTON  
 MARCUS FAGGANS  
 ARACELY FAGLIE  
 RYAN FAIR  
 SHAWN FAIRLEY  
 JESSICA FARIA PORTILLO  
 SUSAN FARRIS  
 KELLY FAULKNER  
 AMY FEHNEL  
 JEFFREY FEHR  
 CARLOS FERREBUS RIVAS  
 GUSTAVO FERRER ARBAIZA  
 ALFRED FETTERHOFF, JR  
 GARY FIELDS





THOMAS FIERROS  
 V CHOK FILIPUS  
 CARLINTA FILLAS  
 CALVERT FILLIPUS  
 ANDREW FINCH  
 NORRIS FINCH, JR.  
 JESSICA FINKBINER  
 JEFFREY FISHER  
 SAMUEL FISHER  
 DARIAN FITTS  
 CHARMANIQUE FITZPATRICK  
 ISAAC FLAHERTY  
 SHAKARIAH FLAMER  
 CHASTINEY FLETCHER  
 PHILIP FLOOD  
 CAROLINA FLORES  
 EFIGENIA FLORES  
 GLORIA FLORES  
 LAURA FLORES  
 JOEL FLORES ROBLES  
 JAMES FLOYD  
 JON FLOYD  
 MARCUS FLOYD  
 MARK FLY  
 ANITA FOGLEMAN  
 RENA FONTENOT  
 AARON FORBIS  
 CARLOS FORD  
 REBECCA FORD  
 CAMERON FORREST  
 GULLIVER FORRESTER  
 PAUL FORTNER  
 CHRISTOPHER FOSTER  
 FREDERICK FOSTER  
 WYEATHA FOSTER  
 XAVIER FOSTER  
 BRANDON FOWLER  
 LORETTA FOWLKES  
 JOHNNY FOX  
 KENNETH FOYL  
 ROBERT FRANCE-BURTON  
 EYLIDD FRANCO  
 RUBEN FRANCO GOMEZ  
 JOSEPH FRANK  
 PHILLIP FRANK  
 WARREN FRANKLIN  
 ISAIAH FRANKS  
 DOUGLAS FRANZ  
 ELVIS FRASCINI  
 GREGORY FRAZER  
 BRANDON FREEL  
 JOSE FREGOSO  
 RICKY FRENCH  
 ANGEL FRIAS  
 TIMOTHY FRIAS  
 BRANDON FRICK  
 BARRY FRIEND  
 ALEK FUCHIK  
 DENNIS FULLER  
 JERRY FULLER  
 BRANDON FULLINGTON  
 LUIS FUMERO PEREZ  
 ANDRE FURMAN  
 DANIEL FYFFE  
 RONY GADIWALLA  
 SARA GAITHER  
 CECILIO GALAN  
 GREGORY GALUSHA  
 ALEJANDRO GAMEZ GARZA  
 ETHAN GAMRAK  
 DANA GANNAWAY  
 BALERIANO GAONA, JR.  
 MARIA GARAY  
 FRANCISCO GARAY CORONA  
 MARIA GARAY LOYO  
 ANGEL GARCIA

JOE GARCIA  
 JOSE GARCIA  
 JOSE GARCIA  
 STEVEN GARCIA  
 YARITZA GARCIA  
 ISIDRO GARCIA ARRIAGA  
 TERESITA GARCIA DIAZ  
 JUAN GARCIA RAMIREZ  
 LESLIE GARCIA TAPIA  
 ROGER GARCIA TAPIA  
 QUINCY GARDNER  
 NORMA GARIBAY VILLENA  
 MICHAEL GARLAND, JR.  
 JAMES GARNER  
 CASON GAROUTTE  
 ALEXIS GARZA  
 JOSHUA GENTRY  
 CHASTON GEORGE  
 JAMES GEORGE  
 STEPHANIE GEORGE  
 KURSTON GERTY  
 GABRIEL GIACHINO  
 CHARLES GIBSON  
 JUSTIN GIBSON  
 KENNETH GILES  
 WILLIAM GILL  
 KAREN GILLISPIE  
 CHAD GLOVER  
 JOSE GOMEZ  
 JUVENTINO GOMEZ  
 MARIA GOMEZ  
 REIQUEL GOMEZ  
 MARIA GOMEZ MEDINA  
 ADRIAN GONZALEZ  
 IMELDA GONZALEZ  
 JAMES GONZALEZ  
 MARISELA GONZALEZ  
 PILAR GONZALEZ  
 ROBERTO GONZALEZ  
 ABRUM GONZALEZ ALTER  
 NUVIA GONZALEZ CANIZALEZ  
 MARIA GONZALEZ DE CAVELLO  
 ISMAEL GONZALEZ LOEZA  
 VICTOR GONZALEZ PAOLINI  
 LIDIA GONZALEZ RIVERA  
 DELFIN GONZALEZ VILLAMIZAR  
 DAMON GOODAY  
 OWEN GOODRICH  
 BARRY GOODSON  
 LATOYA GORDON  
 SHYNETTE GRACE  
 JASON GRAHAM  
 JERRY GRAHAM II  
 MARLEITTA GRAMMER  
 CLOTHERE GRAMMONT  
 BUENAVENTURA GRANADOS-  
 RUBIOS  
 DOUGLAS GRANT  
 MEKION GRANT  
 APRIL GRAUGNARD  
 DETROIT GRAY  
 DREW GRAY  
 ANTHONY GREEN  
 JONATHAN GREEN  
 WILLIAM GREEN III  
 SHEMITA GREER  
 KENDRA GRIDER  
 STARLA GRIFFIN  
 DAKOTA GRIGSBY  
 RONALD GRIMES  
 JOHN GRUNDMANN  
 RACHEL GRUNDMANN  
 JUAN GUERRA MEDINA  
 GERARDO GUERRERO  
 CASTELLANOS  
 LUIS GUEVARA

MARIA GUEVARA  
 RODOLFO GUEVARA  
 CAROLINA GUILLEN  
 ZACHERY GUILLORY  
 RONALD GUINN  
 VERNICE GUINN  
 JOHN GULDEN  
 AARON GUNN  
 BRANDON GUNTER  
 GILBERTO GUTIERREZ  
 SILVIA GUTIERREZ MENDOZA  
 EUGENE GUY  
 GEORGINA GUZMAN  
 LUIS GUZMAN  
 FRUTZEL HAGAN  
 SARA HAGAN-INGLE  
 SCOTTY HAGLER  
 DAMON HAIL  
 NGAM HAK  
 TIMOTHY HALBERT  
 REBECCA HALE  
 JOSHUA HALFPAP  
 DENNIS HALL  
 GENE HALL  
 KELLY HALL  
 PIERRE HALL  
 STEPHANIE HALL  
 STEPHEN HALL  
 DAVIN HALLFORD  
 ZACHARY HALSEY  
 G. SCOTT HAMILTON  
 SHELLIE HAMMERS  
 JEFFREY HAMMONS  
 ANDEREAS HAMO  
 CHRISTOPHER HAMON  
 CIN HAN  
 MUNG HANG  
 THANG HANG  
 LAL HANGSAWK  
 LAM HANGSAWK  
 ROBERT H HANSEN  
 ROBERT T HANSEN  
 CAITLYN HANSON  
 TONG HAO  
 CHIN HAOKIP  
 HOLKHOSEI HAOKIP  
 LHUN HAOKIP  
 PAO HAOKIP  
 COLE HARBICK  
 DEREK HARBIN, SR.  
 DANIEL HARDIN  
 NATALIE HARDIN  
 JOHN HARDT  
 SCOTT HARJO  
 BRUCE HARMAN, II  
 JOSHUA HARMON  
 JANTORIO HARPER  
 DAVID HARPER JR.  
 DONALD HARRIS  
 JERRY HARRIS  
 SHIRON HARRIS  
 STACEY HARRIS  
 BRYAN HARRISON  
 N-LAST HARRY  
 DANIEL HART  
 LEVI HARTLEY  
 JOSHUA HARTMAN  
 ROBI HARTMANN  
 JORDAN HARVEY  
 DUSTIN HASBROUCK  
 HEATHER HASKINS  
 ARCHIE HASS III  
 CING HAU  
 KAM HAU  
 THANG HAU  
 THANG HAU

NENG HAU LIAN  
 MATTHEW HAUETER  
 ADRIUN HAWKINS  
 DESTINY HAWKINS  
 DEVARDOUS HAWKINS  
 ERIC HAWKINS  
 JALAN HAWKINS  
 BILLY HAWLEY, JR.  
 CORY HAYES  
 LUCAS HAYS  
 JOSHUA HEAD  
 STEVE HEAD  
 RYAN HEDRICK  
 ANDREA HEIDT  
 TERENCE HEINBERG  
 AUSTIN HELTON  
 LUKE HEMPHILL  
 CHAKIRIS HENDERSON  
 DANIEL HENDERSON  
 ERIC HENDERSON  
 SUSAN HENDERSON  
 MELISSA HENLEY  
 NATHAN HENLEY  
 ASTIN HENRY  
 KENNETH HENRY  
 ARMANDO HERNANDEZ  
 CORCINA HERNANDEZ  
 FELIPE HERNANDEZ  
 JOSE HERNANDEZ  
 KARI HERNANDEZ  
 LUIS HERNANDEZ  
 MARIANO HERNANDEZ  
 CESAR HERNANDEZ DOMINGUEZ  
 AMADA HERNANDEZ ESCOBEDO  
 OSCAR HERNANDEZ OJEDA  
 AXEL HERRERA BAEZ  
 PAOLA HERRERA REAL  
 JAYE HERRMANN  
 BRIAN HESS  
 MARK HESTON  
 DERRICK HICKMAN  
 MICHAEL HICKMAN  
 MASON HIDALGO  
 SAM HIGGINBOTHAM  
 LARRY HIGHFIELD  
 DONALD HILL  
 JUDITH HILL  
 MICHAEL HILL  
 RUSSELL HILL  
 SANTANYA HILL  
 SONYA HILL  
 DAVY HILL, JR.  
 D'ANNA HILTON  
 LAMONT HINES  
 TYSON HINTHER  
 DEJA HIXON  
 TU HKAWNG  
 MIN HLA  
 THANG HMUNG  
 TUANG HNIN  
 SIEW HO  
 JACOB HOBBS  
 STEVEN HODGE  
 ANDREW HODGES  
 TAQUISA HODNETT-SMITH  
 STEPHEN HOFFMAN  
 LENA HOGAN  
 SIAN HOIH  
 CHRISTOPHER HOLBROOKS  
 RICKEY HOLCOMB II  
 JEFFERY HOLDEN  
 BRANDIE HOLLAND  
 MARCUS HOLLAND  
 SEDRIC HOLLAND  
 ANTHONY HOLLISTER  
 CODY HOLT

DESIREA HOLT  
LAWRENCE HONEL  
ZACHERY HONEL  
ANASTASIA HONN  
STEPHEN HOOVER  
BRANDON HOPKINS  
DEREK HOPKINS  
NICKILIS HOPPER  
ANGELA HORELLOU  
TODD HORELLOU  
SHELBY HORNBERGER  
STANLEY HORTON  
NU HOU  
MANGTHOUNG HOU KIP  
SANDRA HOUSE  
JERRY HOUSEMAN  
MATTHEW HOUSTON  
RICHARD HOUSTON  
AARON HOWARD  
ANTHONY HOWARD  
DAVID HOWARD  
MICHAEL HOWARD  
DARIN HOWELL  
DEVONA HOWELL  
DONALD HOWELL  
SAW HTOO  
YEAUNG HTWE  
CING NGAIH HUAI  
CING ZA HUAI  
DIM HUAI  
JULIA HUAI  
MUAN HUAI  
NIAL HUAI  
NUAM HUAI  
SIAN HUAI  
VERONICA HUAI  
THANG HUAT  
SCOTT HUBER  
JOHNNY HUDDLESTON  
DANNY HUELSENBECK  
ROGELIO HUERTA FERRUSQUIA  
KENNETH HUGHES  
TRACY HUGHES  
MATTHEW HUMMEL  
JERAD HUMPHREY  
LARRY HUMPHREY  
KHAN HUNG  
CRYSTAL HUNTER  
MICHAEL HURD  
RONALD HUTCHCRAFT  
CRYSTAL HUTCHINGS  
DUNG HUYNH  
LOC HUYNH  
THANH HUYNH  
JESUS IDROGO BLANCO  
BRANT INGALLS  
JUAN INGRAM  
GLADWIN INOS  
JEFFRY INTY  
OTILIA IOWANES  
REGINALD ISAAC, SR  
ERATH ISLAS  
TU JA  
KHAI JA KHUP  
BELINDA JACKSON  
JAMES JACKSON  
JEFF JACKSON  
MARY JACKSON  
NATHAN JACKSON  
CAMERON JAEGER  
JAN JALALI  
JOSE JAMAICA  
JOSE JAMAICA CARRENO  
MUSAFAR JAN  
ESTHER JASUAN  
MICHAEL JAUDES JR.  
LUKE JEADRIK

CURTIS JENKINS  
JAMES JENKINS  
WADE JENKINS  
DAKOTA JENNINGS  
TERRIELLE JENNINGS  
STEVEN JENSEN  
CODY JEWELL  
SAUL JIMENEZ  
MICHAEL JIMENEZ LOPEZ  
JAMEE JIMERSON  
FREDERICK JIMMERSON  
CHAITANYA JOHAR  
ALEXIS JOHNSON  
ARMAND JOHNSON  
BRIAN JOHNSON  
CALEB JOHNSON  
CHARLES JOHNSON  
EBONI JOHNSON  
HAEGAN JOHNSON  
JEREMIAH JOHNSON  
JEREMY JOHNSON  
JUSTIN JOHNSON  
KEITH JOHNSON  
KENDAL JOHNSON  
KENRICK JOHNSON  
LESTER JOHNSON  
MICHELLE JOHNSON  
ROBERT JOHNSON  
RODNEY JOHNSON  
TEDDY JOHNSON  
TODD JOHNSON  
TRISTAN JOHNSON  
ZACHARY JOHNSON  
BILLY JOHNSON SR  
RON JOHNSTON  
RODNEY JOLLEY  
ANDRE JONES  
CHEKESHA JONES  
CLARISSA JONES  
CONNIE JONES  
DANNY JONES  
DAVID JONES  
DERRIC JONES  
DUSTY JONES  
ELIJAH JONES  
GARON JONES  
JERMONE JONES  
KATHY JONES  
KEVIN JONES  
MATTHEW JONES  
RAYMON JONES  
REMA JONES  
TYLER JONES  
DANNY JONES JR.  
RONALD JORDAN  
SEAN JORDAN  
JESSICA JORDAN  
AFINO JOSEPH  
TJ JOSEPH  
KRYSTAL JOWERS  
MARTIN JUAREZ  
YOLANDA JUAREZ  
MARIA JUAREZ RIVERA  
DERMIDIO JUEZ PEREZ  
MICHAEL JULIAN  
LEANDRO JUMELLES NUNEZ  
LASHETIA JUSTICE  
HA KA HA  
NATALY KADDOURA  
DAVID KAHURA  
ZAM KAI  
GARRETT KAISER  
JASON KALE  
LIAN KAM  
MANG KAM  
NGIN KAM  
KERSON KANSOU

GO KAP  
LIAN KAP  
THANG KAP  
SIAN KAP LIAN  
JAMIE KAPULE  
BRIAN KASTL  
SAMUEL KASUNI  
KEDATSA KAUDLEKAULE  
JEFFREY KAUFMAN  
ERYN KAVANAUGH  
LIA KAW  
TUANG KAWI  
NENGLIAN KAWNGTE  
TROYCE KEITH  
BRADLEY KELLEY  
BRANDON KELLEY  
KENNETH KELLY, JR  
DAKEYLON KENNEDY  
GREGG KENNEDY  
TRUMAN KEPLINGER II  
RICHARD KERNAL  
KENNETH KEYS  
ABRAHAM KHAI  
DAL KHAI  
DAVID KHAI  
EN KHAI  
HANG KHAI  
HAU KHAI  
JOHN KHAI  
KAM KHAI  
KHAM CIN KHAI  
KHAM KHAN KHAI  
KHUAL KHAI  
KHUP KHAI  
KIM KHAI  
MANG KHAI  
NGIN KHAI  
PAU KIM KHAI  
PAU SIAN KHAI  
PAU SUAN KHAI  
PAU ZA KHAI  
PAUL KHAI  
PETER KHAI  
THAN KHAI  
THANG H KHAI  
THANG KHAN KHAI  
THANG KIM KHAI  
THAWNG KHAI  
ZAM KHAI  
ZAM KHAI ZOMI  
THURA KHAING  
DONGH KHAM  
GO KHAM  
KAM KHAM  
LIAN KHAM  
MUNG KHAM  
NGUN KHAM  
PAU KHAM  
THAWNG KHAN  
THANG KHAT  
CING KHAWL  
CING DON KHAWL  
CING KHEK  
KAM DO KHEN  
PETER KHEN  
NIANG KHOI  
DAI KHUAL  
HAU KHUAL  
KAM KHUAL  
KHUP KHUAL  
NANG KHUAL  
PAU SAWM KHUAL  
PAU KHAN KHUAL  
PAU ZA KHUAL  
THANG SIAN KHUAL  
THANG LIAN KHUAL

THANG S KHUAL  
CIN KHUP  
DAI KHUP  
KAP KHUP  
LANGH KHUP  
LIAN KHUP  
NANG KHUP  
PAU CIN KHUP  
PAU LIAN KHUP  
THANG GO KHUP  
THANG SUAN KHUP  
THAWNG KHUP  
ZEN KHUP  
CASEY KIDWELL  
BIAK KIL  
ANDREW KILGORE  
CIIN SAN KIM  
CIIN SAN KIM  
CING KIM  
DIM LIAN KIM  
DIM NGAIH KIM  
EDWARD KIM  
MAN KIM  
NANG KIM  
NENG KIM  
NIANG SAN KIM  
NIANG SIAN KIM  
NICOLAS KIM  
PA KIM  
THANG KIM  
THANG DEIH KIM  
THANG ZON KIM  
ZAM KIM  
JAMEKA KIMBLE  
JOE KINCADE  
KENOSHA KINDLE  
ANANDA KING  
BRANDY KING  
CODY KING  
JOSEPH KING  
STACEY KING  
KORBY KINKADE  
NICOLAS KINKADE  
ROGER KINKADE, JR.  
MANGNEO KIPGEN  
HANNA KIRK  
JOSHUA KIRK  
SEBASTIAN KITTERMAN  
ALAN KIZER  
SPENCER KIZER  
ZAKARY KIZER  
SEAN KIZZEE  
KATHERINE KJELLAND  
DANIEL KLINE  
STEPHEN KLING  
ROBERT KNEBEL  
SPRINGER KNIGHTEN  
GARY KNUDSEN  
LAURA KNUDSEN  
COURTNEY KNUDSON  
LINDSEY KOHOUT  
BUDDY KONS  
JAMES KOSS  
DAVID KOSTA  
STEVEN KOSTA  
ROBERT KRAFFACK  
NEBOJSA KRESOVIC  
MIKHAIL KRUPENYA  
ADAM KUBICKI  
RAYMOND KUHN  
JAY KUS  
SERLYN KUS  
LIANA KUSS  
SCRAM KUSS  
CASSY KUYKENDALL  
NICHOLAS KUYKENDALL  
ALEXANDER KUZNETSOV

NGIN LAANG  
THOMAS LABOUBE  
MATTHEW LACEY  
BOBBY LACY  
CHARLES LADD  
LANTZ LAFON  
LUIS LAGUNAS  
YAWSEP LAHPAI  
GIANG LAI  
MARK LAKE  
KAP LAL  
LUN LAL  
ZVJEZDANA LALIC  
GIN LAM  
MUNG LAM  
ANGELA LAMBERT  
ANNETTE LAMBERT  
CHAUNZE LANCASTER  
CANDACE LANCE  
CARTER LONDON  
JEFFERY LANDRUM  
MYOSHIA LANDRUM  
ROADY LANDTISER  
DEBORAH LANE  
TRE'QUAWEN LANE  
GIN LANG  
PUM LANG  
DO LANGH  
HAU LANGH  
KAP LANGH  
THANG LANGH  
THAWNG LANGH  
MICHAEL LANTZ  
HANDSOME LANWE  
CAMERON LAPOLLA  
DAWN LAPOLLA  
DANIEL LAPRES  
VIRGINIA LARRABEE  
HUGH LASATER  
SENG LASI  
KATHRYN LAUE  
SHAWN LAUSCHER  
JUAN LAVEZZARI  
JENNIFER LAW  
DIM LAWH  
MAN LAWH  
JOYCE LAWRENCE  
STEVE LAWRENCE, JR  
JEFFREY LAWSON  
RUBY LAWSON  
STEPHEN LAWSON  
BONG LE  
LAI LE  
JACOB LEACH  
CHAUNAH LEATCH  
PETE LEDBETTER  
ALLEN LEE  
PO LEE  
MATTHEW LEEPER  
ARIEL LEFF  
GREGORY LEFFLER  
MARK LEHMAN  
LUN LEK  
CLIFFORD LEMAY  
LAURIN LEMLEY  
NIANG LEN  
CESAR LEON MEDRANO  
ZACHARY LESTER  
ROBERT LETLOW  
ADUNTE LEWIS  
ALICE LEWIS  
ANNA LEWIS  
JOSEPH LEWIS  
MARQUEE LEWIS  
MICHAEL LEWIS

CYNTHIA LEYVA  
VAH LHING  
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PING LIN  
TUNISSAH LINDSEY  
KEITH LINKER  
BRIAN LITTLE  
SERGEI LITVINOV  
ETHAN LIVELY  
ANGELICA LIZARRAGA OLIVAS  
JERRY LOAR  
WILLIAM LOCKWOOD  
MATTHEW LOEWEN  
BENJAMIN LOGSDON  
NICKOLAS LOGSDON  
SCOTTY LOGSDON  
JAMES LONDONO CORO  
GERALD LONG  
ALAN LONGWORTH  
BENNY LONSDALE  
ANGEL LOPEZ  
BENJAMIN LOPEZ  
JONATHAN LOPEZ  
MARGARITO LOPEZ  
MARIO LOPEZ  
NICELT LOPEZ  
RUBEN LOPEZ  
THOMAS LOPEZ  
JOSE LOPEZ AZUAJE  
ERNESTO LOPEZ BECERRA  
EDUARDO LOPEZ OLIVARES  
JOSE LOPEZ OLIVARES  
JEMBO LOUIS  
KOLBY LOUIS  
JASON LOVETT

TIMOTHY LOWE  
EDGAR LOZANO  
CING LUAN  
DANIEL LUCAS IV  
DANIJELA LUCIC  
HUNTER LUDGATE  
JARROD LUDLOW  
QUANNAH LUDLOW  
EVELYN LUGO-ORTIZ  
JORGHELYS LUJAN GOMEZ  
DAWN LUKE  
CING N LUN  
CING SAN LUN  
DIM LAM LUN  
HKIN LUN  
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VAN LUN  
THANG LUONG  
JONATHAN LUSUN  
THI LUU  
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DENA MAHAN  
CORY MAHONEY  
JAYDON MAHR  
TAM MAI  
CARLOS MALONE  
JEFFREY MALY  
CING MAN  
LIAN MAN  
ZEN MAN  
TAM MANA  
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DANIEL MANCILLA  
MARIA MANCILLA  
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PAU SUAN MANG

PHILLIP MANG  
THANG MANG  
ZAM MANG  
ZEN MANG  
CASEY MANNING  
MARQ MANNING  
JAROME MAPPS  
ZAU MARAN  
FREDDY MARCANO  
APRIL MARGWARTH  
PAUL MARGWARTH  
ALEXANDRU MARIN-SERGHIE  
DARRYL MARKS  
MARIA MARQUEZ DE-GILBREATH  
MARIANA MARQUEZ MARQUEZ  
CORINA MARQUEZ ORTEGA  
ANA MARROQUIN  
FRANCISCO MARRUFO JR  
VICKEY MARS  
BILLY MARSH  
ERROL MARSHALL  
NATHAN MARSHALL  
OB MARSHALL  
ANTONIO MARTIN  
KERRY MARTIN  
MICHAEL MARTIN  
WILLIAM MARTIN  
FLORENTINO MARTIN-ROMO  
AMANDA MARTINEZ  
ALEJANDRO MARTINEZ HAROS  
HECTOR MARTINEZ MOLINA  
ALICIA MARTINEZ SUAREZ  
BEVERLEY MASON  
DAVID MASON  
JAMES MASON  
SHERIDAN MASON  
CRISTIE MASSEY  
CRYSTAL MASTERS  
MARCELINO MATA  
LOVELY MATHEUS  
LOVESON MATHEUS  
DATRAVIAN MATHIS  
ELVIN MATHIS  
DONALD MATTHEWS  
KENNETH MATTHEWS  
ANDREW MATZKE  
RON MAUCH  
CHIN MAWI  
HANAH MAWI  
RAM MAWI  
PATRICIA MAXIMO  
LEONARD MAXWELL  
DEVON MAY  
JANIYA MAYFIELD  
KEITH MAYFIELD JR  
SHANE MAYHUGH  
BRIDGET MCALISTER  
TINA McBEATH  
ROBERT McBOWMAN  
BRENT MCCARTY  
CHRISTOPHER KEITH MCCLAIN  
CHRISTOPHER ROSS McCLAIN  
FRANCIS MCCLAIN  
JAWAUN MCCLAIN  
RYAN McCLAIN  
ROBERT McCLEARY  
DIRK McCLELLAN  
LARRY McCLURE  
AARON McCONNELL  
MICHAEL McCONNELL  
DEBRA MCCOWAN  
WESLEY McCOWAN, JR.  
MICHAEL McCUIN  
CAMERON MCDANIEL  
JAMES McELROY

NICHOLAS McELROY  
 CLAYTON McFALL  
 JEFFERY McGEE  
 RONNIE McGEE  
 ANTONIO MCGILBRA  
 DAVID MCGILL, JR  
 REIS MCGREW  
 JASON MCINTIRE  
 PETER MCINTIRE  
 AIMEE MCINTOSH  
 DENISE MCINTOSH  
 GLORIA MCKEE  
 JERIKEO MCKINLEY  
 BROOKE MCKNIGHT  
 LAMAR McLEMORE  
 MICHAEL MCMILLAN  
 JOSIAH MEADE  
 GINA MEANS  
 JON MEDEIROS  
 ASHTON MEDINA  
 SARAH MEDINA  
 LUIS MEDINA MARCANO  
 MICHAEL MELLOTT  
 SOFIA MENAS  
 ALAN MENDEZ GOMEZ  
 SILVESTRE MENDEZ GONZALES  
 ANGELA MENDOZA  
 ANTONIO MENDOZA  
 JUSTIN MENNING  
 BILLY MERRELL  
 JOHNNY MERRELL, JR  
 RYAN MERRITT  
 HERNAN MESA SAEZ  
 STEVEN METCALF  
 JENNIFER METCALFE  
 KEYVIN MIDASY  
 CARMEN MILAM  
 GLENN MILAM  
 MICHAEL MILES  
 ANTONIO MILLER  
 CHLOE MILLER  
 RUTH MILLER  
 SHELLY MILLER  
 PHILIP MILLMAKER  
 ASHLEY MILLS  
 JOSEPH MILLS  
 TYRELL MIMS  
 JERRIC MINOR  
 ALFREDA MITCHELL  
 BRYCE MITCHELL  
 CARL MITCHELL  
 DALLAS MITCHELL  
 JOSEPH MITCHELL  
 PORSHA MITCHELL  
 ROBERT MITCHELL  
 JAY MODISETTE  
 BIASNEY MOJICA CASTANEDA  
 JOSUE MOJICA TORRES  
 CINDY MOLINA  
 ALEXIS MONASTERIO AGUILERA  
 JOSEPH MONDILLO  
 JOSEPH MONFORTE  
 OFELIA MONREAL  
 DINORA MONROY DE DIAZ  
 KARINA MONSIVAIS NAVARRO  
 LILIANA MONTALVO  
 IRIS MONTANEZ  
 FIORELA MONTANO  
 NATALIE MONTANO  
 BLANCA MONTOYA  
 JOHNNY MONTOYA  
 HERBERT MOORE  
 JOSHUA MOORE  
 PHILLIP MOORE  
 TIFFANY MOORE

TONY MOORE  
 ALFONSO MORAN  
 DYLAN MORANTES  
 DANIEL MOREHEAD  
 TONY MOREHEAD  
 WARD MOREHOUSE  
 ROY MORENO  
 LUKE MOREY  
 THOMAS MOREY  
 ELROY MORGAN  
 GARRETT MORRIS  
 JAMES MORROW  
 ADRIEN MOSLEY  
 TAMMY MOSS  
 PHILLIP MOSS, JR.  
 CLAYTON MOTE  
 LANDOLYNN MUALIA  
 KAM MUAN  
 KHUAL MUANG  
 MUA MUANG  
 ZAM MUANG  
 ERIC MULLINIKS  
 ALONZO MUMPHREY  
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 BOSCO MUNG  
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 VUM SUAN MUNG  
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 GABRIEL MUNIZ GONZALEZ  
 JESUS MUNOZ  
 AARON MUNTZ  
 KEVIN MURPHY  
 AUDIE MURRAY  
 SHELTON MURRAY  
 TABITHA MURRAY  
 MA MUSHRUSH  
 JOHN MUTANDA  
 ROSY MUZIKA  
 CAROLYN MYERS  
 CING NAING  
 MANHNWIN NAING

SAW NAING  
 DIEGO NAJERA  
 PAU NANG  
 THOMAS NANG  
 TUN NANG  
 NOORY NARTIN  
 CARDRICO NASH  
 JAMES NASH  
 THANG NAULAK  
 ZAM NAULAK  
 MARIA NAVA  
 MICHAEL NAVARRETE  
 XAVIER NAVARRO  
 BAWK NAW  
 CLAYTON NEAL  
 MARIA NEITHIEM  
 NIANG NEL  
 DATRAVIOUS NELSON  
 ERIC NELSON  
 EVAN NELSON  
 GREG NELSON  
 JEFFREY NELSON  
 DIM NEM  
 DEI NENG  
 KHOL NENG  
 JOSHUA NETTEN  
 SETH NETTEN  
 CY NEWMAN  
 PEDRO NEWMAN TORRES  
 ICSHA NEWSOME  
 ROBERT NEZ  
 NUAM NGIN  
 ZAM NGIN  
 ALVIN NGRATEBL  
 EN NGO  
 PAU NGO  
 A VAN NGUYEN  
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 SON NGUYEN  
 TAM NGUYEN  
 THANH NGUYEN  
 THI NGUYEN  
 TUONG NGUYEN  
 VIET NGUYEN  
 VY NGUYEN  
 LINDA NGUYEN MORGAN  
 CING NI  
 LA JA NI MA  
 CIN MAN NIANG  
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 TUAL NIANG  
 VUNG DON NIANG  
 VUNG LAM NIANG  
 ZEL NIANG

JACOB NICHOLS  
 JUSTIN NICHOLSON  
 MATTHEW NICKEL  
 TRAVIS NIEDERHOFER  
 TARREN NIETO  
 THANG NING  
 ZAM NING  
 SUMMER NIXDORF  
 CING NO  
 JACOB NOE  
 BRANDON NORDSTROM  
 MARK NORDSTROM  
 WILLIE NORFLEET  
 CARL NORRED  
 ERIC NORRIS  
 JODY NORTHRUP  
 JERRY NOWEL  
 TUMAI NPAWT  
 NGIN NTEM  
 KIM NU  
 LIAN NU  
 SEN NU  
 CIIN NUAM  
 CING KHAN NUAM  
 CING SIAN NUAM  
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 LAWH NUAM  
 NING NUAM  
 THANG NUAM  
 CING NUAMBOIH  
 EDUARDO NUNEZ MALPICA  
 NGIN NUNG  
 KHAUNG NYWE  
 MICHAEL O'BRIEN  
 SEAN O'HEARN  
 AMANDA O'NEAL  
 ALEXANDER OFOSU  
 NICOLE OGDEN  
 WILLIAM OGDEN  
 UDUIHAYE OGEDENGBE  
 WYATT OGLE  
 ANTWANETTE OLIVER  
 ANTHONY OLIVERAS  
 JAMES OLSEN  
 ERIC OLSON  
 KEITH OLSON  
 ADEN ONEAL  
 JAMES ONEILL, JR  
 CHRISTINE ONEY  
 PAUL ONYNEHO  
 GRASITER OO  
 SAW OO  
 WAI OO  
 AVERY OPPEGARD  
 LETICIA ORONA  
 ELISA OROZCO  
 RAMON OROZCO  
 DAVID OSBORNE  
 TIMOTHY OURS  
 JENNIFER OVERMEYER  
 GO PAA  
 MIGUEL PABON  
 DAVID PACQUETTE  
 JOHN PAGE  
 CODY PALMER  
 JORDY PAREDES  
 HEIDI PARK  
 AARON PARKER  
 BILLY PARKER  
 GOLDIED PARKER  
 JAKE PARKER  
 JASON PARKER  
 MICHAEL PARKER  
 ROBERT PARKER





JOE PARKS III  
 HARRY PARRISH  
 MAXWELL PARTLOW  
 JHERMIKAL PARTNER  
 CODY PASEMAN  
 JASON PATE  
 CALEB PATERIK  
 PAUL PATTERSON  
 CEDRIC PATTON  
 CIANG PAU  
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 ZAM LAM PAU  
 TERESA PAUL  
 CHRISTOPHER PAULI  
 TRAVIS PEARSON  
 CORY PEDERSEN  
 ANTHONY PEDONE  
 ARTHUR PENNINGTON  
 RONALD PENNY, JR  
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 ANNA PEREZ  
 CHRISTOPHER PEREZ  
 DANIEL PEREZ  
 JOE PEREZ  
 LETICIA PEREZ  
 MARCO PEREZ  
 SERGIO PEREZ  
 HECTOR PEREZ ARIAS  
 CHRISTIAN PEREZ GUTIERREZ  
 PEDRO PEREZ PAEZ  
 FRANCISCO PEREZ SANCHEZ  
 STEPHEN PERLL  
 MILES PERRY  
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 AUSTIN PETERS  
 MEKALA PETERS  
 DAVID PETERSON  
 JEFFREY PETERSON  
 ROBERT PETERSON  
 TIMMY PETERSON  
 PAUL PETTY  
 DANIEL PEURIFOY  
 RACHEL PEWITT  
 KINH PHAM  
 KY PHAM  
 LINH PHAM  
 QUOC PHAM  
 CHI PHAN  
 PHUOC PHAN  
 NAW PHAW  
 LIANKHAN PHAWNG  
 SANTINO PHILLIP  
 ADRIANA PHILLIPS  
 NATHANIEL PHILLIPS  
 TROY PHILLIPS  
 CIN PI

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 HELEN PI  
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 PETER PI  
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 ERIK PICARD  
 CHRISTOPHER PICKENS  
 DEVOTRICK PICKRON  
 UBER PINEDA  
 TRACY PIPKIN  
 MIGLANIA PIRONA GONZALEZ  
 GINA PITTS  
 HAROLD PITTS, II  
 CANDY PITTSER  
 EMILIA PLATA VASQUEZ  
 JONATHAN POBLANO  
 KEVIN POBUDA  
 SUSANNE POINDEXTER  
 TROY POINTS  
 BASANT POKHREL  
 RENU POKHREL  
 NICKELAS POLLARD  
 LAQUAISHA POLLEY  
 MARK POOL  
 RODNEY POPE  
 RAMONDA PORTER  
 ASHLEY POWELL  
 RUDY POWELL  
 MICHAEL POYNTER  
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 KENNETH PRENTICE, JR.  
 DANIEL PRESSLER, JR  
 ANGELICA PRICE  
 MICHAEL PROVENCE  
 CHRISTOPHER PRUETT  
 KHAI PU  
 KHAM PU  
 MANG PU  
 MUANG PU  
 TUANG PU  
 TUN PU  
 ALMA PUGA  
 KHAI PUI  
 THANG PUI  
 KAM PUM  
 THANG PUNO  
 MICHAEL PUTNAM  
 JOHN QUANG  
 CANDELARIA QUICK  
 BRENDA QUINTANILLA GARCIA  
 MARTIN RABADAN  
 FRANCIS RACHU  
 VINA RACHU  
 ERIC RACINE  
 LEE RAFFRAY  
 EVA RAGLAND  
 AMANULLAH RAHIMI  
 RETSIAN RAIN  
 BRIAN RAMBO  
 SUSAN RAMBO  
 EDGAR RAMIREZ  
 EVA RAMIREZ  
 MARTINELLY RAMIREZ  
 ROSA RAMIREZ AGUINAGA

ENRIQUE RAMIREZ MORALES  
 PATRICIA RAMIREZ NAVARR  
 MANUELA RAMIREZ SOBERANIS  
 GERMAN RAMOS ALONSO  
 MARCUS RAMSEY  
 HEIDI RAMZEL  
 KARLY RANCK  
 COURTNEY RANDALL  
 JEFFREY RANDALL  
 TIMOTHY RANEY  
 CHRISTIAN RANSMEIER  
 FARIDULLAH RASOOLI  
 ELBERT RATLIFF  
 ROBERT RATLIFF  
 TOMMY RATLIFF  
 KYLE RATZLAFF  
 DAKOTA RATZLOFF  
 RYAN RAUSCH  
 JOHN RAVELLI  
 CURTIS RAYON  
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 RHONDA REED  
 FREEMAN REED, JR.  
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 CLINTON REESE  
 ERIC REESE  
 WENDY REEVES  
 STEPAN REGUS  
 JOHN REID  
 LISA REID  
 JOSEPH REINERS  
 AKEMY RENCHY  
 RODOLFO RENTERIA  
 JOHN RENTKO, JR.  
 JAKOB RESSLER  
 CLARA REYES  
 PABLO REYES  
 AGUSTIN REYES, JR.  
 DAICHI REYNA  
 STACIE REYNA SALAS  
 JOSHUA REYNOLDS  
 THOMAS REYNOLDS  
 JAVIER REYNOSO URIETA  
 DANIEL RHOADES  
 EFFIE RHODES  
 JEFFREY RHODES  
 SKYLER RHODES  
 KADRON RICHARDSON  
 SEVERINO RICKAT  
 BRIAN RICKETT JR  
 TERRY RICKNER  
 RANDALL RIDENOUR  
 ANGELA RIDEOUT  
 COREY RIDER  
 KATHRYN RINGER  
 DINA RISING  
 CORY RISINGER  
 DERRICK RISINGER  
 HILLARY RITE  
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 BRAYAN RIVAS SANCHEZ  
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 NELSON RODRIGUEZ  
 RICARDO RODRIGUEZ  
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 DERRICK ROGERS  
 DON ROGERS  
 DYLAN ROGERS  
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 TONY ROGERS  
 LIDIA ROJAS  
 NELSON ROJAS  
 ALEXANDRA ROLSETH  
 TONY RONGEY  
 MAKINTA ROOSEVELT  
 ROYCE ROPER  
 JOSE ROSALES  
 JASMINE ROSBOROUGH  
 CORTNEY ROSE  
 REAGAN ROSELL  
 STEPHANIE ROSELL  
 ROBERT ROSENCUTTER  
 CASEY ROSS  
 JAYRINE ROUND  
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