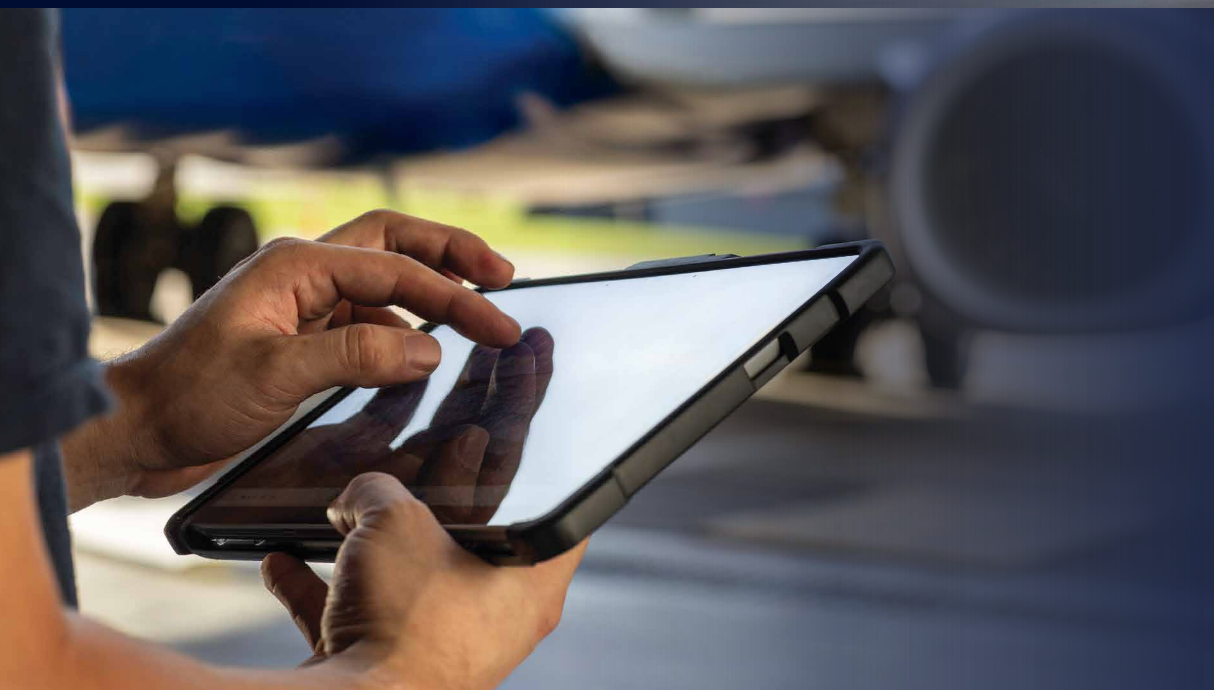
AAR®

2026 Annual Report

Doing it right.
Nonstop.™



Fiscal Year 2026 was a year of significant progress for AAR. We set a series of financial records, completed four acquisitions, progressed and completed facility expansions, launched innovative new software products, and further defined our strategy focusing on Parts, Repair, and Software.

Dear fellow shareholders,

The energy across AAR's global operations fueled a year of strong execution. We delivered the high standards our commercial and government customers expect with the urgency required to keep aircraft flying. The pace of that execution reinforced a defining aspect of how we operate, leading us to add nonstop to our longstanding brand promise, now Doing it right. Nonstop.™

Our financial results

AAR's repositioned portfolio and focused strategy drove record-breaking financial results in Fiscal Year 2026. Powered by our Parts, Repair, and Software platform, we delivered industry leading turnaround times at our Airframe MRO facilities, realized significant market share gains for our new parts Distribution customers, and fully embraced AI in our software offering.

The strength of our execution translated into the highest revenue, profitability, and earnings in AAR's history. Consolidated sales grew 19% from $2.8 billion to $3.3 billion. Our adjusted operating margin reached 10.2%, up from 9.6% in FY2025. We recorded GAAP diluted earnings per share of $4.86, compared to $0.35 in FY2025, and adjusted diluted earnings per share increased 29% to $5.05, up from $3.91 in FY2025.

Our focus

During Fiscal Year 2026, we took decisive steps to simplify AAR's portfolio, increase transparency, and sharpen our focus on higher-margin businesses with stronger returns on capital. We re-segmented the Company and announced the multi-year wind down of our Legacy Commercial Programs business, reflecting our continued focus on growth, margin expansion, and additional cash flow generation. At AAR's 2026 Investor Day, we outlined how these actions position the Company for long-term growth, providing additional detail on our repositioned portfolio and updated financial framework before ringing the closing bell at the New York Stock Exchange.

We continued to strengthen our software portfolio with the launch of Airvoyant℠, an AI-powered aviation procurement solution that automates the historically complex parts sourcing process. The strong market reception reinforces the increasing importance of advanced automation in aviation procurement and supply chain management.

Our strategy

Growth remained a priority throughout Fiscal Year 2026, both organically and through acquisitions. We completed the expansion of our Airframe MRO facility in Oklahoma City and began supporting a long-term customer's increased demand for maintenance capacity. Construction on our

Miami Airframe MRO expansion is progressing well, and we expect to begin servicing additional maintenance lines from the new hangar this autumn.

Fiscal Year 2026 marked AAR's most acquisitive year. Our four acquisitions strengthened key areas of our business and further reinforced our competitive position across the aviation aftermarket.

ADI American Distributors strengthened our Parts Supply business, adding product lines, deepening OEM relationships, and accelerating our strategy to grow market share.

HAECO Americas expanded our Airframe MRO capabilities and footprint, increasing capacity and reinforcing AAR's position as North America's leading independent provider of heavy maintenance.

Aircraft Reconfig Technologies advanced our engineering capabilities, bringing certification expertise in-house and expanding our ability to support aircraft modifications from design through certification.

Aerostrat℠, a leader in long-range maintenance planning software, complements Trax℠'s enterprise resource planning solution and creates opportunities to expand both customer bases with a broader set of software solutions.

Integration efforts are progressing ahead of plan, and each acquisition is already contributing to our capabilities, customer value proposition, and growth strategy. We believe the greatest benefits are still ahead of us.

Our culture

Our team is at the center of every success. During Fiscal Year 2026, we welcomed talented new team members from our acquired businesses whose expertise is already strengthening AAR and enhancing the value we deliver to customers. Across our workforce, we continued investing in the development, engagement, and wellbeing of our team members.

Our award-winning, team-focused culture earned recognition in several areas during Fiscal Year 2026, including designation as a Top 10 Military Friendly® organization and a Military Friendly® Spouse Employer. The strength of our culture is reflected not only in how we support team members but also in the value we deliver to customers, demonstrated by AAR earning The145's Top Shop award for Best Total Solutions Provider.

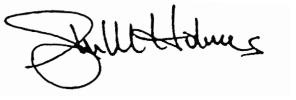
Photo Credit: NYSE

Nothing is more important than safety, a principle deeply embedded in AAR's culture. During Fiscal Year 2026, we expanded our Safety Management System (SMS) to our newly acquired HAECO Americas facilities, implementing AAR's approach to safety across our growing repair network. We also conducted an anonymous safety culture survey that achieved 93% participation, with results significantly exceeding industry benchmarks across key measures of safety culture. Particularly encouraging was team members' sense of ownership over safety and their confidence in the mechanisms available to raise concerns and make recommendations. The strength of our safety culture earned recognition from *Canadian Occupational Safety* with its Best Safety Culture in the Workplace award for our 5-Star Safety Culture. We also continued sponsoring collaborative information-sharing sessions with regulators and industry partners. Ideas raised through an AAR-led innovation forum are being evaluated for potential broader application, including by the FAA.

Our future

Fiscal Year 2026 strengthened AAR and accelerated our strategy. We simplified our portfolio, advanced our integrated Parts, Repair, and Software platform, and delivered record results for customers and shareholders. The momentum that inspired our promise of Doing it right. Nonstop.™ continues to guide us as we pursue opportunities that support AAR's next phase of growth.

Thank you for your continued trust, confidence, and investment in AAR.



John M. Holmes
Chairman, President and Chief Executive Officer

Financial highlights

Selected financial highlights

(dollars in millions except per share data)

For the year ended May 31	2026	2025	2024	2023	2022
Operating performance					
Net sales	$ 3,308.0	$ 2,780.5	$ 2,318.9	$ 1,990.5	$ 1,820.0
Operating income	277.8	185.2	129.2	133.9	106.9
Diluted earnings per share	4.86	0.35	1.29	2.53	2.17
Financial position					
Working capital	1,128.9	955.9	922.7	746.4	659.0
Total assets	3,355.9	2,844.6	2,770.0	1,833.1	1,573.9
Total debt	900.0	977.0	997.0	272.0	100.0
Stockholders' equity	1,703.8	1,211.6	1,189.8	1,099.1	1,034.5

Adjusted operating margin

(in millions - unaudited)

For the year ended May 31	2026	2025
Sales	$ 3,308.0	$2,780.5
Contract termination cost (benefit)	—	(32.2)
Adjusted sales	$ 3,308.0	$2,748.3
Operating income	$ 277.8	$ 185.2
Acquisition, integration, and amortization expenses	54.0	26.8
Asset impairment and exit charges	4.9	—
Government COVID-related subsidy liability (reversal)	(0.7)	0.8
Severance costs	1.0	—
FCPA settlement and investigation costs	—	65.3
Contract termination costs	—	0.2
Russian bankruptcy court judgment (reversal)	—	(11.1)
Gain related to sale of joint venture	—	(2.1)
Adjusted operating income	$ 337.0	$ 265.1
Adjusted operating margin	10.2%	9.6%

Adjusted diluted EPS

(unaudited)

For the year ended May 31	2026	2025
Diluted earnings per share	$ 4.86	$ 0.35
Acquisition, integration, and amortization expenses	1.40	0.74
Bargain purchase gain	(0.77)	—
Gain on sale of headquarters building	(0.26)	—
Asset impairment and exit charges	0.13	—
Severance charges	0.03	—
Government COVID-related subsidies, net	(0.02)	0.02
Impairment charges and loss on sale of equity investments, net	0.02	—
Loss (Gain) related to sale and exit of business/joint venture, net	(0.02)	1.97
FCPA settlement and investigation costs	—	1.84
Russian bankruptcy court judgment (reversal)	—	(0.31)
Tax effect on adjustments[a]	(0.32)	(0.70)
Adjusted diluted EPS	$ 5.05	$ 3.91

[a] Calculation uses estimated statutory tax rates on non-GAAP adjustments except for the impact from non-deductible items including the bargain purchase gain and the FCPA settlement charge.

Adjusted EBITDA

(in millions - unaudited)

For the year ended May 31	**2026**
Net income	$ 187.7
Income tax expense	58.2
Other expense, net	2.1
Interest expense, net	70.5
Depreciation and amortization	72.1
Acquisition and integration expenses	28.2
Bargain purchase gain	(29.5)
Gain on sale of headquarters building	(9.8)
Asset impairment and exit charge	4.9
Severance charges	1.0
Gain related to sale and exit of business	(1.4)
Government COVID-related subsidy liability (reversal)	(0.7)
Stock-based compensation	17.8
Adjusted EBITDA	**$ 401.1**

Net debt

(in millions - unaudited)

May 31	**2026**
Total debt	**$ 900.0**
Less: Cash and cash equivalents	**(84.0)**
Net debt	**$ 816.0**

Net debt to adjusted EBITDA

(in millions - unaudited)

May 31	2026
Adjusted EBITDA for the year ended	$ 401.1
Net debt at year end	816.0
Net debt to adjusted EBITDA	**2.03**

Adjusted sales, adjusted operating income, adjusted operating margin, adjusted diluted EPS, adjusted EBITDA, net debt, and net debt to adjusted EBITDA (net leverage) are "non-GAAP financial measures" as defined in Regulation G of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We believe these non-GAAP financial measures are relevant and useful for investors as they illustrate our core operating performance and leverage unaffected by the impact of certain items that management does not believe are indicative of our ongoing and core operating activities. When reviewed in conjunction with our GAAP results and the accompanying reconciliations, we believe these non-GAAP financial measures provide additional information that is useful to gain an understanding of the factors and trends affecting our business and provide a means by which to compare our operating performance and leverage against that of other companies in the industries we compete. These non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. Our non-GAAP financial measures reflect adjustments for certain items including, but not limited to, the following:

- Costs associated with U.S. Foreign Corrupt Practices Act ("FCPA") matters that we self-reported to the U.S. Department of Justice and other agencies, including investigation costs and settlement charges.
- Expenses associated with recent acquisition activity, including professional fees for legal, due diligence, and other acquisition activities, intangible asset amortization (including amortization of favorable lease assets classified within operating lease right-of-use assets), integration costs, bargain purchase gains and compensation expense related to contingent consideration and retention agreements.
- Legal judgments related to or impacted by the Russia / Ukraine conflict.
- Contract termination / restructuring costs comprised of gains and losses that are recognized at the time of modifying, terminating, or restructuring certain customer and vendor contracts, including the impact from the U.S. government exercising their termination for convenience in the first quarter of Fiscal Year 2025 for our Mobility Systems business's new-generation pallet contract.
- Losses related to our exit from our Indian joint venture, our Landing Gear Overhaul business, and our Composites manufacturing business, including legal fees for the performance guarantee associated with the Composites' A220 aircraft contract.

Adjusted EBITDA is net income before interest income (expense), other income (expense), income taxes, depreciation and amortization, stock-based compensation, and items of an unusual nature including but not limited to business divestitures and acquisitions, FCPA investigation, settlement and remediation compliance costs, certain legal judgments, acquisition, integration, and amortization expenses from recent acquisition activity, headquarters relocation activity, product line exits, and significant customer contract terminations.

Doing Parts right. Nonstop.

17M+
airframe and engine parts shipped/received

75+
OEMs supported with established contracts

Customer demand for aviation parts remained a significant driver of AAR's growth during Fiscal Year 2026. Building on our data-driven market intelligence approach, our global parts activities generated substantial revenue while expanding OEM relationships and winning new business.

Customer confidence earned through exceptional service contributed to a 100% renewal rate for our new parts Distribution contracts. We signed a multi-year extension of our exclusive agreement with Collins Aerospace to market and support its Goodrich de-icing and specialty systems product line, as well as an extension of our exclusive global commercial distribution agreement with Arkwin Industries for its broad portfolio of actuation, valve, and reservoir products.

Our success executing on current OEM agreements led to growth in new product lines. For instance, our effective support of Woodward's defense customers led to a new commercial agreement to distribute Woodward's high-demand consumable engine parts. We also began work on our exclusive distribution agreement for TRIUMPH's commercial actuation product line.

In the defense aftermarket, we became the exclusive KC-46 and C-40 platform distributor for direct and indirect sales under an agreement with AmSafe Bridport, further diversifying our portfolio and enhancing our position on key platforms.

In business and general aviation, we signed a new agreement with Otto Instrument Service to sell and support the LASEREF IV inertial reference system product line.

The acquisition of ADI American Distributors strengthened our OEM Supply business through complementary electronics product lines and significant opportunities for future growth.

Beyond new parts Distribution, we continued helping customers reduce costs and improve availability through used serviceable material. In a market where supply remains constrained, our industry relationships and market expertise enabled us to source in-demand material and meet customer requirements.

Through our differentiated distribution model, efficient execution, and strategically developed in-region capabilities, AAR continued expanding our share of the market while delivering in-demand parts to customers around the world—nonstop.

Repair is a fundamental part of AAR's operating model and comprises the largest group of team members within the Company.

During Fiscal Year 2026, we grew our Airframe MRO footprint, capacity, and team to keep pace with customer demand in a constrained market. We completed the expansion of our Oklahoma City facility, adding three heavy maintenance bays and approximately 200 roles in support of Alaska Airlines. Strong engagement from our customer and the local community, combined with a robust workforce pipeline, contributed to the success of this effort. We also continued deploying our Paperless Hangar technology across our Airframe MRO network, with rollout in Oklahoma City bringing approximately 60% of our legacy hangar capacity onto paperless workflows. The acquisition of HAECO Americas added facilities in Greensboro, North Carolina, and Lake City, Florida, further strengthening our Airframe MRO network. The strategic value of these facilities was underscored by immediate multi-year commitments from key customers, reflecting strong demand for the additional capacity. As part of the integration process, we have begun implementing AAR's operating model and, in Greensboro, our Paperless Hangar, initiatives that are already driving efficiencies and improving financial performance.

In Component MRO, we continued supporting legacy fleets that remain critical to our customers' operations while adding capabilities aligned with next-generation aircraft requirements. This balanced approach differentiates AAR while positioning the Company for future growth. To support this strategy, we enhanced our capabilities across key product lines and geographies.

Eaton named AAR an authorized service center for its commercial aerospace customers across Europe, the Middle East, and Africa. Building on our existing relationship as a distributor of Eaton products, this designation reinforces our integrated business model while expanding our Component MRO offerings for Eaton's hydraulic product portfolio, with additional products expected.

In Thailand, as an authorized Airbus single-source service center, we added A320 slat repair capabilities and invested in additional tooling, broadening the services available to customers.

We further strengthened our presence in the Asia-Pacific region through the formation of xCelle Asia, a joint venture with Air France Industries KLM Engineering & Maintenance, to overhaul nacelles for next-generation aircraft and expand our service offerings across the region.

Across our global Airframe MRO and Component MRO networks, AAR delivered the repair expertise and commitment to quality our customers depend on—nonstop.

Doing Repair right. Nonstop.

1,160+

aircraft maintained, repaired, and overhauled

15

FAA/EASA Part 145 certified repair stations

Software continued building scale as the third pillar of AAR's integrated Parts, Repair, and Software platform. During Fiscal Year 2026, we added two companies to our software portfolio, strengthened customer relationships, and positioned AAR for future growth in a market with significant long-term potential.

The strength of AAR's software platform was demonstrated by Delta Air Lines' adoption and initial deployment of Trax's eMRO® and eMobility™ apps under a multi-phase program to modernize its TechOps maintenance and engineering systems. As one of the industry's leading operators, Delta's confidence in Trax reinforces the value of our software solutions and integrated platform, highlighting our ability to support airlines of any size and operational complexity.

Trax also deepened relationships with existing customers, completing the implementation of an expanded suite of services for Air Europa and adding new offerings for JetBlue and Air Atlanta. To deliver an end-to-end maintenance experience, Trax signed an agreement with Aeroxchange focused on enhancing connectivity between our solutions.

The acquisition of long-range maintenance planning software Aerostrat expanded our suite to support the full spectrum of maintenance planning activities.

Customers responded positively to the ability to combine Trax and Aerostrat to enhance long-range planning and day-to-day maintenance execution. Thai Airways selected Trax and Aerostrat to support its digital MRO transformation.

During Fiscal Year 2026, AAR launched Airvoyant, our agentic AI-enabled parts procurement software. Airvoyant solves one of the industry's most persistent inefficiencies by streamlining complex supply chain transactions and improving decision-making in real time. Our launch partners and subject matter experts include Air Canada, Delta Air Lines, JetBlue, Thai Airways, United Airlines, and others as we build an agentic workforce that will integrate seamlessly across our software companies.

Combined, Trax, Aerostrat, and Airvoyant now support more than a third of the global commercial aircraft fleet.

Airinmar® continued to grow, winning new business with Malaysia Airlines and signing extensions with Cebu Pacific and Air Methods. During the year, Airinmar migrated to a new internally developed software platform built on next-generation system architecture, enhancing our warranty management and value engineering service offerings.

As the aviation industry embraces artificial intelligence, automation, and data-driven decision-making, we are enhancing our software portfolio while creating additional value for customers across our integrated Parts, Repair, and Software platform—nonstop.

Doing Software right. Nonstop.

6,000+

commercial aircraft supported by Trax

>90%

of major U.S. carriers supported by Aerostrat

Doing Government Solutions right. Nonstop.

$6B in government assets managed

5 continents serving government programs

AAR performs mission-critical work for government customers around the world, helping ensure aircraft, equipment, and personnel are available when and where they are needed most. Throughout Fiscal Year 2026, we provided the operational expertise required to maintain mission readiness.

Our Government Programs business delivered results across multiple aircraft platforms. Our Contract Field Teams brought F-16 installation capabilities to additional U.S. Air Force bases across the United States, Europe, and the Pacific, reducing turnaround times and enabling aircraft to immediately deploy for operations.

Building on our proven performance for the United States military, we expanded our P-8 portfolio with the addition of the United Kingdom's Royal Navy P-8 fleet. This year, we brought our P-8 induction total to 100 aircraft.

Further demonstrating our role in sustaining military aircraft, AAR was awarded a follow-on Contractor Logistics Support contract for the U.S. Navy and Marine Corps C-40A fleet. Our work bolstered the fleet's operational readiness and long-term availability, supporting its ability to meet operational demands across the globe. We also continued delivering flight training for U.S. Navy E-6B aircrews, enhancing overall readiness and pilot proficiency for nuclear missions.

In our Mobility Systems business, we secured several significant wins. The U.S. Air Force awarded AAR contracts to manufacture 463L legacy air cargo pallets and to provide pallet repair services, extending AAR's longstanding role in the 463L pallet program that began in 1963. We were also awarded a new contract to provide mobility solutions to Defense Logistics Agency Troop Support, enabling the government to order from our comprehensive suite of specialized shipping and storage containers, shelters, and accessories.

As customers' mission requirements accelerated, AAR delivered the speed and precision required. Across our Government Solutions segment, our work supported global readiness through the trusted execution our customers depend on—nonstop.

AAR leadership

Corporate Officers

John M. Holmes
Chairman, President and Chief Executive Officer

John B. Cooper
Senior Vice President, Global Government and Defense; Lt. General, U.S. Air Force (Ret.)

Nathaniel S. Cottrell
Vice President, Internal Audit

Christopher J. Fiddes
Senior Vice President, Commercial Programs and Airframe Trading

Sarah L. Flanagan
Vice President, Financial Operations

Jessica A. Garascia
Senior Vice President, General Counsel, Chief Administrative Officer, and Secretary

Nicholas P. Gross
Senior Vice President, Government Programs and Component MRO

Thomas D. Hoferer
Senior Vice President, Repair & Engineering

Christopher A. Jessup
Senior Vice President and Chief Commercial Officer

Lori A. Knudson
Vice President and Chief Ethics and Compliance Officer

Frank Landrio
Senior Vice President, Distribution

Salvatore J. Marino
Senior Vice President, Parts Supply

Eric S. Pachapa
Vice President, Controller, and Chief Accounting Officer

Sharon N. Purnell
Senior Vice President and Chief Human Resources Officer

Art R. Smith
Vice President and Chief Quality Officer

Dylan Z. Wolin
Senior Vice President and Chief Financial Officer

Mark S. Zitella
Vice President and Treasurer

Board of Directors

John M. Holmes [3 – Chairman]
Chairman, President and Chief Executive Officer, AAR CORP.

Michael R. Boyce [1, 4, 5]
Chairman, Chief Executive Officer, and Managing Director, Peak Investments, LLC

John W. Dietrich [1, 2, 5]
Former Executive Vice President and Chief Financial Officer, FedEx Corporation

Jeffrey N. Edwards [1, 3, 4 – Chairman]
Partner and Vice Chairman, New Vernon Capital

Robert F. Leduc [1, 2, 5]
Former President, Pratt & Whitney

Ellen M. Lord [2, 4, 5]
Former Under Secretary of Defense for Acquisition and Sustainment, U.S. Department of Defense; former President & CEO, Textron Systems

Duncan J. McNabb [3, 4, 5 – Chairman]
General, U.S. Air Force (Ret.); Co-Founder and Managing Partner, Ares Mobility Solutions, Inc.

Billy J. Nolen [2, 5]
Former acting FAA Administrator; Chief Regulatory Affairs Officer, Archer Aviation Inc.

Peter Pace [1, 2]
General, U.S. Marine Corps (Ret.); Former Chairman of the Joint Chiefs of Staff

Jennifer L. Vogel [2 – Chairman, 3, 4]
Former Senior Vice President, General Counsel, Secretary, and Chief Compliance Officer, Continental Airlines

Marc J. Walfish [1 – Chairman, 3, 4, 6]
Founding Partner, Merit Capital Partners

Hema Widhani [1, 4]
Principal, Chief Experience, Brand, and Marketing Officer, Edward Jones

1 Member of Audit Committee
2 Member of Human Capital and Compensation Committee
3 Member of Executive Committee
4 Member of Nominating and Governance Committee
5 Member of Aviation Safety and Training Committee
6 Lead Director

Business overview

Parts
- Distribution of new parts to commercial and government / defense operators
- Used Serviceable Material (USM)

Repair
- Airframe MRO
- Component MRO
- Engineering Services
- Development of proprietary Parts Manufacturer Approval (PMA) parts

Software
- Trax℠
- Aerostrat℠
- Airinmar®
- Airvoyant℠

Government Solutions
- Government Programs
- Mobility Systems

Stockholder information

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Transfer agent and registrar
Computershare Trust Company, N.A.
Providence, RI

Independent registered public accounting firm
KPMG LLP
Chicago, IL

Annual meeting of stockholders
The annual meeting of stockholders will be held at 9 a.m. (Chicago time) on Wednesday, September 23, 2026.

Ticker symbol
AAR CORP. stock is traded on the New York Stock Exchange and NYSE Texas under the ticker symbol AIR.

Forward-looking statements
This Annual Report contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 related to management's expectations about future conditions. Actual business, market, or other conditions may differ materially from management's expectations and, accordingly, may affect our sales and profitability or other results and liquidity. Any forward-looking statements represent our views only as of July 31, 2026 and should not be relied upon as representing our views as of any subsequent date and we undertake no obligation to update any forward-looking statement. Actual results may differ materially due to various other factors, including those found in the "Risk Factors" section in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission.

AAR® | Doing it right. Nonstop.™

AAR locations
- Corporate
- Parts
- Repair
- Government Programs
- Mobility Systems

Software
- Trax℠
- Aerostrat℠
- Airinmar®
- Airvoyant℠

AAR joint ventures
- ASAS℠ (Sumitomo Corporation)
- xCelle℠ Americas (Air France Industries KLM Engineering & Maintenance)
- xCelle℠ Asia (Air France Industries KLM Engineering & Maintenance)
- KALS (KIRA Aviation Services)

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